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## DIGEST

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HB 640 Reengrossed

2016 Regular Session

Leger

**Abstract:** Authorizes the Coastal Protection and Restoration Authority Board to establish a natural resource damages restoration bank and an oil spill compensation schedule.

Proposed law authorizes the Coastal Protection and Restoration Authority Board to establish a natural resource damages restoration bank program as an alternate method to offset damages sustained as a result of oil spills in coastal areas of the state. Defines such bank as a site where land or resources are restored, created, enhanced, or preserved to restore natural resource injuries from oil spills in coastal areas.

Proposed law requires establishment of the bank through promulgation of rules under the Administrative Procedure Act. Provides oversight of the rules by the House Committee on Natural Resources and Environment and the Senate Committee on Natural Resources. Requires the rules to set forth procedures for certification of restoration banks in the state including criteria for adoption of a restoration banking instrument; ensure certification can only be given to banks qualifying under the established criteria; ensure priority certification to banks that enhance the resilience of coastal resources to inundation and coastal erosion; ensure certification is given only to banks with secured adequate financial assurance and permanent protection for any restored lands or resources; and establish a system for the transfer of restoration credits to a responsible party or natural resource trustee. Requires that the process and procedures adopted be in compliance with the federal Oil Pollution Act of 1990 and the Louisiana Oil Spill Prevention and Response Act.

Proposed law provides that neither the state nor any state agency can act as a natural resource damage restoration bank sponsor. Defines a "bank sponsor" as a person responsible for developing and operating a natural resource damage restoration bank.

Proposed law also authorizes the board to establish a compensation schedule for the unauthorized discharge of oil in the coastal areas of the state. Requires the schedule to be promulgated under the Administrative Procedure Act with oversight by the House Committee on Natural Resources and Environment and the Senate Committee on Natural Resources. Requires the compensation schedule to reflect adequate compensation for unquantifiable damages taking into account issues such as the characteristics of any oil spilled, the sensitivity of the affected area, and actions taken by the responsible party to mitigate the damage or impede the detection of the oil spill.

Proposed law requires the Coastal Protection and Restoration Authority Board to report annually to the Natural Resources committees the banks that have been certified, the principals to those banks, the restoration credits traded over the past year, and the parties who have traded those credits.

(Adds R.S. 49:214.5.2(H) and (I))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Natural Resources and Environment to the original bill:

1. Specify that the restoration bank is an alternate method to offset injuries to natural resources as a result of spills.
2. Requires that the process and procedures adopted by the Coastal Protection and Restoration Authority Board be in compliance with the federal Oil Pollution Act of 1990 and the Louisiana Oil Spill Prevention and Response Act.

The House Floor Amendments to the engrossed bill:

1. Require Natural Resources committees oversight over the rules for establishing and certifying natural restoration banks.
2. Require Natural Resources committees oversight over the compensation schedule.
3. Provide that neither the state nor any state agency can act as a natural resource damage restoration bank sponsor. Defines a "bank sponsor" as a person responsible for developing and operating a natural resource damage restoration bank.
4. Require the Coastal Protection and Restoration Authority Board to report annually to the Natural Resources committees the banks that have been certified, the principals to those banks, the restoration credits traded over the past year, and the parties who have traded those credits.