

AMENDED IN SENATE APRIL 4, 2001

SENATE BILL

No. 849

Introduced by Senator Torlakson

February 23, 2001

An act to amend Section 8670.40 of the Government Code, relating to oil spills.

LEGISLATIVE COUNSEL'S DIGEST

SB 849, as amended, Torlakson. Oil spills: fees.

Existing law, *the Lempert-Keene-Seastrand Oil Spill Prevention and Response Act*, requires the administrator for oil spill response to adopt and implement regulations and guidelines governing the adequacy of oil spill contingency plans. Existing law requires the State Board of Equalization to collect an oil spill prevention and administration fee which is imposed upon every person owning crude oil at the time that the crude oil is received at a marine terminal, in an amount determined by the administrator for oil spill response, not to exceed 4¢ per barrel of crude oil or petroleum products. ~~Existing~~ Under existing law, the revenues from the oil spill prevention and administration fee are deposited in the Oil Spill Prevention and Administration Fund in the State Treasury. Existing law provides that the money in the fund is available for appropriation by the Legislature and may only be used for the purposes of the act and the provisions governing oil spill prevention and response.

Existing law requires the administrator, on or before January 15, to prepare a plan annually that projects revenues and expenses over 3 fiscal years, including the current year. Existing law requires the administrator to set the fee based on the plan.

This bill would increase the amount of the fee that the administrator is authorized to impose, for calendar year 2002, to 6¢ for each barrel of crude oil or petroleum products. The bill would authorize the administrator, on and after January 1, 2003, to adjust the amount of the annual assessment based upon changes in the California Consumer Price Index, pursuant to a specified procedure.

The bill would change the date by which the administrator is required to prepare the plan to January 20.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 8670.40 of the Government Code is
2 amended to read:

3 8670.40. (a) (1) The State Board of Equalization shall
4 collect a fee in an amount determined by the administrator to be
5 sufficient to carry out the purposes set forth in subdivision (e), and
6 a reasonable reserve for contingencies. ~~The~~ *Except as provided in*
7 *paragraph (2), for calendar year 2002, the amount of the annual*
8 *assessment shall not exceed ~~four cents (\$0.04)~~ six cents (\$0.06)*
9 *per barrel of crude oil or petroleum products.*

10 (2) *On and after January 1, 2003, the administrator may adjust*
11 *the amount of the annual assessment imposed pursuant to this*
12 *section based upon the changes in the California Consumer Price*
13 *Index, as determined annually by the Department of Finance and*
14 *published in the budget submitted to the Legislature by the*
15 *Governor. The administrator shall adjust the annual assessment by*
16 *multiplying the amount of the prior year's annual assessment by*
17 *the current year's California Consumer Price Index and dividing*
18 *that amount by the prior year's California Consumer Price Index.*
19 *The administrator shall round that amount of the annual*
20 *assessment so determined to the nearest one-tenth of a cent and*
21 *may impose that new assessment amount on or after July 1 of the*
22 *current year when the recalculation is made.*

23 (b) (1) The oil spill prevention and administration fee shall be
24 imposed upon every person owning crude oil at the time that the
25 crude oil is received at a marine terminal from within or outside
26 the state, and upon every person owning petroleum products at the
27 time that those petroleum products are received at a marine



1 terminal from outside this state. The fee shall be collected by the
2 marine terminal operator from the owner of the crude oil or
3 petroleum products based on each barrel of crude oil or petroleum
4 products so received by means of a vessel operating in, through,
5 or across the marine waters of the state. In addition, every operator
6 of a pipeline shall pay the oil spill prevention and administration
7 fee for each barrel of crude oil originating from a production
8 facility in marine waters and transported in the state by means of
9 a pipeline operating across, under, or through the marine waters of
10 the state. The fees shall be remitted to the board by the terminal or
11 pipeline operator on the 25th day of the month based upon the
12 number of barrels of crude oil or petroleum products received at
13 a marine terminal or transported by pipeline during the preceding
14 month. No fee shall be imposed pursuant to this section with
15 respect to any crude oil or petroleum products if the person who
16 would be liable for that fee, or responsible for its collection,
17 establishes that the fee has been collected by a terminal operator
18 registered under this chapter or paid to the board with respect to
19 the crude oil or petroleum product.

20 (2) Every owner of crude oil or petroleum products is liable for
21 the fee until it has been paid to the board, except that payment to
22 a marine terminal operator registered under this chapter is
23 sufficient to relieve the owner from further liability for the fee.

24 (3) On or before January 20, the administrator shall annually
25 prepare a plan that projects revenues and expenses over three fiscal
26 years, including the current year. Based on the plan, the
27 administrator shall set the fee so that projected revenues, including
28 any interest, are equivalent to expenses as reflected in the current
29 Budget Act and in the proposed budget submitted by the Governor.
30 In setting the fee, the administrator may allow for a surplus if the
31 administrator finds that revenues will be exhausted during the
32 period covered by the plan or that the surplus is necessary to cover
33 possible contingencies.

34 (c) The moneys collected pursuant to subdivision (a) shall be
35 deposited into the fund.

36 (d) The board shall collect the fee and adopt regulations for
37 implementing the fee collection program.

38 (e) The fee described in this section shall be collected solely for
39 all of the following purposes:



- 1 (1) To implement oil spill prevention programs through rules,
2 regulations, leasing policies, guidelines, and inspections and to
3 implement research into prevention and control technology.
- 4 (2) To carry out studies that may lead to improved oil spill
5 prevention and response.
- 6 (3) To finance environmental and economic studies relating to
7 the effects of oil spills.
- 8 (4) To reimburse the member agencies of the State Interagency
9 Oil Spill Committee for costs arising from implementation of this
10 chapter, Article 3.5 (commencing with Section 8574.1) of Chapter
11 7, and Division 7.8 (commencing with Section 8750) of the Public
12 Resources Code.
- 13 (5) To implement, install, and maintain emergency programs,
14 equipment, and facilities to respond to, contain, and clean up oil
15 spills and to ensure that those operations will be carried out as
16 intended.
- 17 (6) To respond to an imminent threat of a spill in accordance
18 with the provisions of Section 8670.62 pertaining to threatened
19 discharges. The cumulative amount of any expenditure for this
20 purpose shall not exceed the amount of one hundred thousand
21 dollars (\$100,000) in any fiscal year unless the administrator
22 receives the approval of the Director of Finance and notification
23 is given to the Joint Legislative Budget Committee. Commencing
24 with the 1993–94 fiscal year, and each fiscal year thereafter, it is
25 the intent of the Legislature that the annual Budget Act contain an
26 appropriation of one hundred thousand dollars (\$100,000) from
27 the fund for the purpose of allowing the administrator to respond
28 to threatened oil spills.
- 29 (7) To reimburse the board for costs incurred to implement this
30 chapter and to carry out Part 24 (commencing with Section 46001)
31 of Division 2 of the Revenue and Taxation Code.
- 32 (f) The moneys deposited in the fund shall not be used for
33 responding to an oil spill.

