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SENATE BILL NO. 25

Offered January 8, 2014

Prefiled December 11, 2013

A BILL to amend and reenact § 67-301 of the Code of Virginia and to amend the Code of Virginia by adding in Chapter 25 of Title 10.1 a section numbered 10.1-2503 and by adding a section numbered 23-220.02, relating to offshore natural gas and oil resources.

Patrons—Reeves and Garrett

Referred to Committee on Agriculture, Conservation and Natural Resources

Be it enacted by the General Assembly of Virginia:

1. That § 67-301 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding in Chapter 25 of Title 10.1 a section numbered 10.1-2503 and by adding a section numbered 23-220.02 as follows:

§ 10.1-2503. Virginia Offshore Energy Emergency Response Fund established.

A. There is hereby created in the state treasury a special nonreverting fund to be known as the Virginia Offshore Energy Emergency Response Fund, hereafter referred to as "the Fund," which shall be administered by the Director of the Department of Environmental Quality. The Fund shall be established on the books of the Comptroller. All amounts designated for deposit to the Fund from revenues and royalties paid to the Commonwealth as a result of offshore natural gas and oil drilling or exploration shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request of the Director of the Department of Environmental Quality. Moneys in the Fund shall be used solely for the purposes stated in subsection B.

B. The Director of the Department of Environmental Quality shall use moneys in the Fund solely for the purposes of emergency preparation, emergency response, emergency environmental protection, or mitigation associated with a release of liquid hydrocarbons or associated fluids directly related to offshore energy exploration, development, production, or transmission.

C. The disbursement of moneys from the Fund shall be made by the State Comptroller at the written request of the Director of the Department of Environmental Quality. The Director of the Department of Environmental Quality shall have the authority to access the Fund for up to \$500,000 per occurrence as long as the disbursement does not exceed the balance for the agency account. If the Director of the Department of Environmental Quality requests a disbursement in excess of \$500,000 or an amount exceeding the remaining agency balance, the disbursement shall require the written approval of the Governor. The Department of Environmental Quality shall develop guidelines that, after approval by the Governor, determine how the Fund can be used for the purposes described herein.

D. Disbursements from the Fund may be made for the purposes outlined in subsection B, including personnel, administrative, and equipment costs and expenses directly incurred by the Department of Environmental Quality or by any other agency or political subdivision, acting at the direction of the Department of Environmental Quality, in and for preventing or alleviating damage, loss, hardship, or suffering caused by a release of liquid hydrocarbons or associated fluids directly related to offshore energy exploration, development, production, or transmission.

E. The Department of Environmental Quality shall promptly seek reimbursement from any person causing or contributing to such a release of liquid hydrocarbons or associated fluids for all sums disbursed from the Fund for protection, relief, or recovery from loss or damage caused by such person. In the event a request for reimbursement is not paid within 60 days of receipt of a written demand, the claim shall be referred to the Attorney General for collection. The agency shall be allowed to recover all legal and court costs and other expenses incident to such actions for collection.

§ 23-220.02. Community College Energy Exploration and Development Fund established.

There is hereby created in the state treasury a special nonreverting fund to be known as the Community College Energy Exploration and Development Fund, hereafter referred to as "the Fund." The Fund shall be established on the books of the Comptroller. All funds appropriated in accordance with subsection B 3 of § 67-301 or the appropriation act and any gifts, grants, bequests, or donations from public or private sources shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to the Fund. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the

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59 *general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes of*
60 *establishing or supporting community college curricula in energy exploration and development and for*
61 *the provision of financial assistance to students attending community colleges to allow such students to*
62 *receive vocational training in fields directly related to energy exploration and development and related*
63 *energy infrastructure. Expenditures and disbursements from the Fund shall be made by the State*
64 *Treasurer on warrants issued by the Comptroller upon written request signed by the State Board for*
65 *Community Colleges. The State Board for Community Colleges shall establish criteria for making*
66 *distributions from the Fund to a community college requesting moneys from the Fund and may issue*
67 *guidelines governing the Fund as it deems necessary and appropriate.*

68 **§ 67-301. Royalties from offshore natural gas and oil resources.**

69 A. Any revenues and royalties paid to the Commonwealth as a result of offshore natural gas and oil
70 drilling and exploration shall be deposited in the Virginia Offshore Energy Emergency Response Fund
71 (the Fund) established pursuant to § 10.1-2503 until the Fund reaches \$50 million. If moneys are
72 withdrawn from the Fund to carry out the provisions of § 10.1-2503, all revenues and royalties paid to
73 the Commonwealth as a result of offshore leasing, exploration, development, or production of offshore
74 natural gas and oil shall be deposited in the Fund until a total of \$50 million is reestablished.

75 B. Once the balance in the Fund reaches the amount of \$50 million, any revenues and royalties paid
76 to the Commonwealth as a result of offshore natural gas and oil drilling or exploration shall be placed
77 in the general fund and, at the end of each fiscal year, shall be appropriated and used for the following
78 purposes:

79 1. ~~Seventy~~ Twenty percent of such revenues and royalties to the Transportation Trust Fund
80 established pursuant to § 33.1-23.03:1;

81 2. ~~Twenty~~ Ten percent of such revenues and royalties to the Virginia Coastal Energy Research
82 Consortium established pursuant to § 67-600; and

83 3. Ten percent of such revenues and royalties to the ~~localities of the Commonwealth for~~
84 ~~improvements to infrastructure and transportation~~ Community College Energy Exploration and
85 Development Fund established pursuant to § 23-220.02;

86 4. Twenty percent of such revenues and royalties to the Department of Environmental Quality for the
87 protection of water quality and the management of water quantity; and

88 5. Forty percent of such revenues and royalties to the general fund, with an amount to be determined
89 by the General Assembly applied toward energy-related commerce and port infrastructure located within
90 the Port of Virginia Economic and Infrastructure Development Zone.