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SENATE BILL NO. 25

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Finance
on January 29, 2014)

(Patron Prior to Substitute—Senator Reeves)

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, relating to offshore natural gas and oil 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 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 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.

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

Any revenues and royalties paid to the Commonwealth as a result of offshore natural gas and oil drilling and exploration shall be appropriated and used for the following purposes:

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

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

3. Ten percent of such revenues and royalties to the localities of the Commonwealth for improvements to infrastructure and transportation deposited in the Virginia Offshore Energy Emergency Response Fund (the Fund) established pursuant to § 10.1-2503 until the Fund reaches \$50 million. If moneys are withdrawn from the Fund to carry out the provisions of § 10.1-2503, all revenues and royalties paid to the Commonwealth as a result of offshore leasing, exploration, development, or production of offshore natural gas and oil shall be deposited in the Fund until a total of \$50 million is

60 *reestablished.*

61 *Once the balance in the Fund reaches the amount of \$50 million, any revenues and royalties paid to*
62 *the Commonwealth as a result of offshore natural gas and oil drilling or exploration shall be placed in*
63 *the general fund, at the end of each fiscal year.*