

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 03/29/2012
POSITION: Neutral, note concerns

BILL NUMBER: SB 1192
AUTHOR: Evans, Noreen

BILL SUMMARY: Oil spill prevention and administrative fee.

Existing law authorizes the Department of Fish and Game (DFG) to charge fees on vessels coming into California marine waters and requires DFG to deposit the fee revenue into the Oil Spill Prevention and Administration Fund (OSPAF). Existing law requires DFG to establish an Oiled Wildlife Care Network of rescue and rehabilitation stations for sea birds, sea otters, and other marine mammals impacted by a marine oil spill.

This bill would eliminate the restrictions on the use of OSPAFA for the Oiled Wildlife Care Network.

FISCAL SUMMARY

The Oiled Wildlife Care Network, which consists of trained wildlife care providers from various University of California campuses, is primarily funded by interest earned on the Oil Spill Response Trust Fund (OSRTF). The use of these funds is currently limited to equipment and operation for the Oiled Wildlife Care Network, and for costs of rescue, medical treatment, and rehabilitation of oiled wildlife. The 2011 Budget Act appropriates \$2.0 million from the OSRTF for the Oiled Wildlife Care Network. The estimated revenue from interest to the OSRTF for the 2011-12 fiscal year is approximately \$62,600 as the OSRTF loaned \$40 million to the General Fund, reducing the available balance that earns interest. There are sufficient funds to support the annual \$2 million appropriation over the next few fiscal years until the General Fund loan is repaid in the 2014-15 fiscal year.

Currently, the Oiled Wildlife Care Network is authorized to receive funding from the OSPAFA for training, field collection, and rescue activities but is not expected to receive any OSPAFA in the 2011 Budget Act. The bill would eliminate the restrictions on the activities the OSPAFA could fund for the Oiled Wildlife Care Network. To the extent that the Oiled Wildlife Care Network receives OSPAFA funding, a reciprocal amount of cuts would need to be made to other programs funded by the OSPAFA. DFG states the potential cuts could include eliminating the DFG's oil spill research program and reducing the number of field response personnel. Also, any funding shortfall in the OSPAFA would negatively affect the appropriations to the State Lands Commission, the California Coastal Commission, the San Francisco Bay Conservation and Development Commission, the Office of Environmental Health Hazard Assessment, and the Board of Equalization.

COMMENTS

The Department of Finance is neutral on the bill. However, we are concerned that to the extent the Oiled Wildlife Care Network receives funding, upon appropriation by the Legislature, the OSPAFA would become structurally imbalanced and require cuts to other programs funded by the OSPAFA. This could result in a reduction to the State's oil spill readiness and the ability to prevent oil spills.

The Lempert-Keene-Seastrand Oil Spill Prevention and Response Act of 1990 required DFG to establish an Oiled Wildlife Care Network of rescue and rehabilitation stations for sea birds, sea otters, and other

Analyst/Principal (0634) K.Gmeinder Date Program Budget Manager Karen Finn Date
Department Deputy Director Date
Governor's Office: By: Date: Position Approved Position Disapproved
BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

AUTHOR**AMENDMENT DATE****BILL NUMBER**

Evans, Noreen

03/29/2012

SB 1192

COMMENTS (continued)

marine mammals impacted by a marine oil spill. DFG entered into a memorandum of understanding and contract with the University of California at Davis for the operation of the Oiled Wildlife Care Network. Statutory requirements for the Oiled Wildlife Care Network include the establishment and maintenance of facilities to provide the best achievable treatment for marine mammals and birds affected by an oil spill in marine waters. Funds may also be spent on technological development and research into the effects of oil on wildlife.

Chapter 583, Statutes of 2011 (AB 1112) increased the OSPAF per barrel fee \$0.05 cents per barrel to \$0.065 cents per barrel, effective January 1, 2012. However, the increased fee will sunset in 2015. The temporary increase is only sufficient to correct a structural deficit in the OSPAF, and pay for the expanded bunkering and lightering monitoring and inspection program mandated by AB 1112. Additionally, regulations were adopted raising the fee that non-tank vessels pay, from \$2,500 every two years, to \$3,250 every two years. Like the per barrel fee increase, the non-tank increase was only sufficient to cover the structural deficit and increased costs for the expanded monitoring and inspection program.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)						Fund Code
	LA	(Dollars in Thousands)						
	CO	PROP						
	RV	98	FC	2011-2012 FC	2012-2013 FC	2013-2014		
3600/Dept FishGam	SO	No		-----	See Fiscal Summary	-----	0320	
<u>Fund Code</u>	<u>Title</u>							
0320	Oil Spill Prevention & Administration Fd							