

Revenue Information Bulletin No. 14-012

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Oil Spill Contingency Fee

Major Changes to Oil Spill Contingency Fee Beginning July 1, 2014

Act 394 of the 2013 Regular Session of the Louisiana Legislature made several significant changes to the Oil Spill Contingency Fee collected by the Louisiana Department of Revenue (LDR). These changes will be effective July 1, 2014. The major changes are outlined below:

- The entity responsible for collecting and remitting the fee to LDR will be the refinery who receives the crude oil for storage and processing. The operator of the refinery is responsible for collecting the fee from the owner of the crude oil and remitting the fee to LDR. Prior to Act 394, the marine terminal was responsible for collecting and remitting this fee on crude oil transferred to or from a vessel.
- The fee will be levied at a rate of one-half cent per barrel from July 1, 2014 until December 31, 2015. Beginning January 1, 2016, the fee will be levied at a rate of one-quarter cent per barrel. However, the fee will increase to one-half cent per barrel during any period in which certain conditions are met as outlined in R.S. 30:2485(C). Qualifying conditions that would cause the rate to increase include a decrease in the fund balance to less than \$5 million or an unauthorized discharge of oil in excess of one hundred thousand gallons within the previous twelve months.

The oil fee contingency fee is remitted on a quarterly basis and is due by the last day of the month following the calendar quarter in which liability for the fee is incurred. These changes will affect the reporting of this fee for all periods starting with the third quarter of 2014 which includes the period of July 1, 2014 through September 30, 2014. The return for the third quarter of 2014 is due by October 31, 2014. For expenses of collecting the fee, the operator of the refinery is authorized to withhold one and one-half percent of the fees due during each quarter provided that the amount due was not delinquent at the time of payment. Forms for filing this fee may be obtained from the LDR website at www.revenue.louisiana.gov

The proceeds from the oil spill contingency fee are placed in the oil spill contingency fund as provided in R.S. 30:2483. This fund was established in 1991 to immediately provide available funds for response to all threatened or actual unauthorized discharges of oil, for cleanup of pollution from unauthorized discharges of oil, natural resources damages, damages sustained by any state agency or political subdivision, and removal costs from threatened, unauthorized discharges of oil.

Questions concerning the changes to the oil spill contingency fund addressed in this publication should be directed by email to Policy.Publications@La.gov.

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Secretary

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