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SB-1425 Oil revenue: Oil Trust Fund. (2023-2024)

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Date Published: 09/26/2024 09:00 PM

Senate Bill No. 1425

CHAPTER 609

An act to amend Section 6217.8 of the Public Resources Code, relating to oil revenue, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 25, 2024. Filed with Secretary of State September 25, 2024.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1425, Gonzalez. Oil revenue: Oil Trust Fund.

Existing law establishes rules for how revenue from oil and gas operations on the Long Beach tidelands is divided between the City of Long Beach and the State of California. Existing law establishes the Oil Trust Fund in the State Treasury and appropriates the moneys in the fund to the State Lands Commission commencing when specified requirements are met. Existing law requires the commission to expend the moneys in the fund to finance the costs of well abandonment, pipeline removal, facility removal, remediation, and other costs associated with removal of oil and gas facilities from the Long Beach tidelands that are not the responsibility of other parties. Existing law requires the Controller to transfer certain oil-revenue-related moneys to the fund, including, on the last day of each month beginning January 31, 2023, a transfer to the fund for the amount of \$2,000,000 or 50% of remaining oil revenue from the City of Long Beach, as provided, whichever is less.

This bill would instead require the Controller, on the last day of each month beginning January 31, 2025, to transfer to the fund the amount of \$5,000,000 or 50% of remaining oil revenue from the City of Long Beach, whichever is greater, as provided. By increasing the amount of money that may be deposited into a continuously appropriated fund, this bill would make an appropriation.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3 Appropriation: yes Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 6217.8 of the Public Resources Code is amended to read:

6217.8. (a) For purposes of this section, "fund" means the Oil Trust Fund established pursuant to subdivision (b).

(b) The Oil Trust Fund is hereby established in the State Treasury, and the moneys in the fund are hereby appropriated to the commission in accordance with this section.

(c) (1) On or before March 1, 2006, the City of Long Beach shall pay to the commission all money, including both principal and interest, in the abandonment reserve fund that the city created in 1999 and that was the subject of the litigation in State of

(2) The Controller shall deposit in the fund any funds paid to the commission pursuant to paragraph (1).

(3) On the last day of each month beginning January 31, 2025, the Controller shall transfer to the fund the amount of five million dollars (\$5,000,000) or 50 percent of remaining oil revenue, as described in subdivision (d) of Section 4 of Chapter 138 of the Statutes of 1964, First Extraordinary Session, whichever is greater.

(d) (1) All interest earned on the money in the abandonment reserve fund specified in paragraph (1) of subdivision (c) shall be transferred to the fund.

(2) The commission shall expend the money from the fund solely to finance the costs of well abandonment, pipeline removal, facility removal, remediation, and other costs associated with removal of oil and gas facilities from the Long Beach tidelands that are not the responsibility of other parties.

(3) All money remaining in the fund after completion of all activities described in paragraph (2) shall be transferred to the General Fund.

(e) The moneys deposited in the fund are hereby appropriated to the commission commencing when all of the following conditions are met:

(1) The City of Long Beach adopts a resolution declaring that the oil revenue described in subdivision (d) of Section 4 of Chapter 138 of the Statutes of 1964, First Extraordinary Session, is insufficient to fund the costs of activities described in paragraph (2) of subdivision (d) of this section.

(2) The City of Long Beach transmits to the commission a copy of the resolution and all necessary accompanying documentation, including a plan for expenditures for the activities described in paragraph (2) of subdivision (d).

(3) The commission reviews the material provided in paragraph (2) and notifies the Controller within 60 calendar days of receiving the material specified in paragraph (2), that expenditure from the fund may be made so that activities described in paragraph (2) of subdivision (d) can begin. The commission shall provide a schedule for expenditures for disbursement of moneys from the fund to the City of Long Beach. The commission shall submit a copy of the schedule to the Department of Finance and to the fiscal and appropriate policy committees of the Legislature.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure the State of California is able to fund its share of the liability for the Long Beach Unit and tidelands operations in a timely manner, it is necessary for this measure to take effect immediately.