

CALIFORNIA COASTAL COMMISSION

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DATE: July 8, 2015

TO: Coastal Commission and Interested Persons

FROM: Charles Lester, Executive Director
 Sarah Christie, Legislative Director

SUBJECT: LEGISLATIVE REPORT FOR JULY, 2015

CONTENTS: This report provides summaries and status of bills affecting the Coastal Commission and California's Coastal Program, and coastal-related legislation identified by staff.

Note: Information contained in this report is accurate as of June 30, 2015. Recent amendments are summarized in *italics*. An asterisk* denotes a new measure not included in the previous month's report. Changes in the status of some bills may have occurred between the date this report was prepared and the presentation date.¹ Bill text, votes, committee analyses and current status of any bill may be viewed on the California Senate Homepage at www.senate.ca.gov. This report can also be accessed through the Commission's Homepage at www.coastal.ca.gov

2015 Legislative Calendar

Jan 5	Legislature reconvenes
Jan 10	Budget Bill must be submitted by Governor
Jan 30	Last day to send bill requests to Office of Legislative Counsel
Feb 27	Last day for bills to be introduced
Mar 26	Spring Recess begins upon adjournment
Apr 6	Legislature reconvenes from Spring Recess
May 1	Last day for policy committees to hear and report fiscal bills
May 15	Last day for policy committees to report non-fiscal bills to the Floor
May 22	Last day for policy committees to meet prior to June 8
May 29	Last day for fiscal committees to hear and report bills to the Floor
June 1-5	Floor session only
June 5	Last day to report bills out of house of origin
June 15	Budget Bill must be passed by midnight
July 17	Last day for Policy committees to report bills. Summer Recess begins upon adjournment
Aug 17	Legislature reconvenes from summer recess
Aug 28	Last day for fiscal committees to meet and report bills to the Floor
Sep 4	Last day to amend bills on the Floor
Sep 11	Last day to pass bills. Interim recess begins upon adjournment
Oct 11	Last day for Governor to sign or veto bills

¹Terms used in this report relating to bill status: 1) "Held in committee" means bill was not heard in the policy committee prior to deadline. 2) "On Suspense" means a bill has been held in Appropriations due to potential costs to the state. 3) "Failed passage" means a bill was heard by policy committee but failed to get a majority vote. 4) "Inactive file" means the bill is on the Floor, but not scheduled for a vote. 5) "Enrolled" means the Legislature has passed the bill, but the Governor has not yet acted. 6) "Chaptered" means the bill has been signed into law by the Governor, and Chaptered by the Secretary of State.

PRIORITY LEGISLATION

AB 192 (Allen) Specialized license plates: coastal conservancy awareness

As amended 4/20, this bill would establish a specialty license plate, depicting a surfer design, to promote Coastal Conservancy Awareness. A portion of funds derived from sales of the plate would be deposited into the Coastal Conservancy Awareness Fund, which would be created by the bill, for specified purposes. *Amendments of 06/02 provide additional authorized expenditures.*

Introduced	01/28/15
Last Amended	06/02/15
Status	Senate Transportation and Housing Committee

AB 300 (Alejo) Safe Water and Wildlife Protection Act of 2015

This bill would enact the Safe Water and Wildlife Protection Act of 2015, requiring the State Coastal Conservancy to establish and coordinate the Algal Bloom Task Force. The task force would be comprised of a representative of the State Department of Public Health, the Department of Fish and Wildlife, Department of Food and Agriculture and the State Coastal Conservancy, and other relevant agencies. It would require the task force to review the risks and negative impacts of toxic blooms and microcystin pollution, consult with the EPA Secretary, and to submit a summary of its findings and recommendations to the Resources Secretary by January 1, 2017. Amendments of 05/28 add the State Water Pollution Cleanup and Abatement Account as a source of grant funds. *Amendments of 06/24 add “marine waters” to the definition of “waters of the state.”*

Introduced	02/12/15
Last Amended	06/24/15
Status	Senate Environmental Quality Committee

AB 309 (Mathis) Senior research grant

As amended, this bill would require the Department of Water Resources to create and administer the Edmund G. “Pat” Brown. Sr. Research Grant to provide a 1-year grant of \$145,000 to a UC or CSU research project to expand California’s water portfolio. The bill would make a \$145,000 appropriation from the General Fund, and requires a 2/3 vote.

Introduced	02/12/15
Last Amended	04/23/15
Status	Senate Rules Committee

AB 392 (Atkins) San Diego River Conservancy

This bill would delete the Conservancy's January 1, 2020 sunset date, thereby extending the authorization for the San Diego River Conservancy indefinitely. The bill would require the Conservancy to submit a report to the Governor and the Legislature a report on every odd-numbered year, outlining the projects funded and undertaken by the Conservancy.

Introduced	02/18/15
Last Amended	05/05/15
Status	Senate Appropriations Committee

AB 435 (Chang) Natural Resources Agency: webcast of meetings and workshops

This bill would require all boards, departments and commissions within the Environmental Protection Agency and the Natural Resources Agency to provide live webcasts of all public meetings in a manner that enables listeners to and viewers to ask questions and provide public comment by phone or electronic communication. The bill would require all agencies to archive the webcasts for later viewing by the public. Amendments of 05/28 specify that the bill does not apply to workshops or meetings held at "non-agency sites", and specify that archived meeting videos must be made available to the public for a period of three years. *Amendments of 05/28 make the bill no longer applicable to the Coastal Commission.*

Introduced	02/19/15
Last Amended	05/28/15
Status	Senate Rules Committee

AB 549 (Levine) State Parks System

This bill would implement some of the recommendation of the Parks Forward Committee. *Amendments of 06/16 would require the Department of Parks and Recreation (DPR) to install and operate camping cabins, RV parking areas to expand affordable overnight facilities. It would require DPR to develop a statewide fee schedule. It states that it is the intent of the Legislature that the Coastal Commission, the Coastal Conservancy and DPR develop a proposal describing how unexpended in-lieu fees may be used in combination with other fund sources to expand the availability of affordable overnight accommodations in coastal parks.*

Introduced	02/23/15
Last Amended	06/16/15
Status	Senate Natural Resources and Water Committee

AB 559 (Lopez) Monarch butterflies: conservation

This bill would authorize the Department of Fish and Wildlife to take actions to preserve monarch butterfly habitat needed for successful migration. The bill would authorize the department to partner with federal agencies, nonprofit organizations, academic programs, private landowners, and other entities including the Monarch Joint Venture. *Amendments of 06/16 require the department to use best available science when undertaking actions to preserve monarch butterflies and their habitats.*

Introduced	02/23/15
Last Amended	06/16/15
Status	Senate Appropriations Committee

AB 694 (Rendon) Public Resources Code: fees: low-cost accommodations

As amended 04/08, this bill creates the Low-cost Accommodations Account within the State Coastal Conservancy Fund, and directs the Conservancy to establish a program, subject to available funding, to administer grants, low-interest loans and easements to private entities for operation and maintenance costs associated with low-cost visitor serving accommodations. The bill also directs the Conservancy to prepare a list of potential low-cost accommodation projects in the coastal zone in consultation with the Coastal Commission and State Parks. The bill directs the Commission to refer to the list when considering mitigation for development that impacts lower-cost accommodations.

Introduced	02/25/15
Last Amended	04/23/15
Status	Assembly Appropriations Committee, Suspense File. Held under submission.

AB 718 (Chu) Local government: powers

This bill would prohibit any local government from imposing civil or criminal penalties for the act of sleeping or resting in a lawfully parked motor vehicle.

Introduced	02/25/15
Last Amended	05/18/15
Status	Senate Governance and Finance Committee

AB 729 (Atkins) San Diego Unified Port District

This is a spot bill re: state lands granted and conveyed in trust to the San Diego Unified Port District.

Introduced	02/25/15
Status	Assembly Rules Committee

***AB 864 (Williams) Oil spill response: environmentally and ecologically sensitive area**

This bill would require the operators of pipelines in environmentally and ecologically sensitive areas of state waters or along the coasts to use the best available technologies to reduce the amount of oil released in an oil spill to protect the state waters and wildlife, and to include a description of the use of those technologies in their oil spill contingency plans.

Introduced	02/26/15
Last Amended	06/09/15
Status	Senate Natural Resources and Water Committee

Commission Position Recommend support. Analysis attached

AB 888 (Bloom) Waste management: plastic microbeads

This bill would prohibit the sale of personal care products containing more than 1 part per million (ppm) by weight of plastic microbeads, as defined, in the state of California after January 1, 2020.

Introduced	02/25/15
Last Amended	04/22/15
Status	Senate Judiciary Committee

Commission Position: Support

AB 988 (Stone) Outdoor Environmental Education and Recreation Grants Program

This bill would require the Department of Parks and Recreation to establish an Outdoor Environmental Education and Recreation Grants Program for the purpose of increasing the ability of underserved and at-risk populations to participate in outdoor recreation and educational experiences by awarding grants to public organizations, nonprofit organizations, or both. The bill would require that all moneys received for the purposes of the program be deposited into the California Youth Outdoor Education Account, which would be created by the bill and would be continuously appropriated. Any bond funds made available through the program would be awarded to programs that meet the criteria of the State Urban Parks and Healthy Communities Act. *Amendments of 06/01 specify that priority will be given to grant applications that primarily serve students who are eligible for free or reduced-price meals, or pupils of limited English proficiency.*

Introduced	02/26/15
Last Amended	06/01/15
Status	Senate Natural Resources and Water Committee

AB 1268 (Steinorth) Coastal resources: California Environmental Quality Act

Originally a spot bill making a technical change related to Local Coastal Programs. As amended on 03/26, this bill has a new author and a new subject area. Current law provides a statutory exemption from the California Environmental Quality Act (CEQA) for housing projects, if certain requirements are met. As amended 03/26, this bill would eliminate the requirement that in order to qualify for a CEQA exemption, a housing project must not be located within the boundaries of a state conservancy. Introduced version was a spot bill dealing with local coastal programs. *Amendments of 05/05 make technical, non-substantive changes.*

Introduced	02/27/15
Last Amended	05/05/15
Status	Assembly Natural Resources Committee. Hearing cancelled at authors request

AB 1274 (Stone) Public lands: geological or geophysical surveys

This bill would authorize the State Lands Commission (SLC) to issue permits for geological or geophysical surveys on granted and ungranted tidelands and submerged lands, subject to terms and conditions as specified by the commission to ensure public safety and protection of the environment, and would require the commission to adopt regulations to implement those provisions and promote compliance. The bill would require that the permittee make available to the SLC all logs and records resulting from the operations under the permit. *Amendments of 06/16 specify that the SLC shall not require a permit for geophysical surveys required in conjunction for dredging activities to maintain or increase the depth of navigation channels.*

Introduced	02/27/15
Last Amended	06/16/15
Status	Senate Appropriations Committee

AB 1312 (O'Donnell) Ballast water management

This bill would amend the Marine Invasive Species Act to require an owner, operator or agent of a vessel capable of carrying ballast water that has been operating outside the waters of the state, to notify the State Lands Commission (SLC) at least 24 hours prior to arrival in a California port of call. The bill would revise the deadline by which vessel operators may apply to install, and the SLC may approve, an experimental ballast water treatment systems from January 1, 2016 to January 1, 2020. The bill would make other technical changes to the Act and delete an obsolete reporting requirement.

Introduced	02/27/15
Last Amended	04/15/15
Status	Senate Environmental Quality Committees

AB 1482 (Gordon) Climate adaptation

This bill would require the Natural Resources Agency to update the state's climate adaptation study every 3 years, beginning July 1, 2017. The bill would require the Office of Planning and Research to update the states Five-Year Infrastructure Plan to account for the impacts of current and future climate change on all infrastructure projects.

Introduced	02/27/15
Last Amended	06/17/15
Status	Senate Natural Resources and Water Committee

AB 1500 (Mainschein) California Environmental Quality Act: priority housing projects: exempt

This bill would exempt affordable housing projects, as defined, from the requirements of CEQA.

Introduced	02/27/15
Last Amended	06/16/15
Status	Assembly Natural Resources Committee

ACR 18 (Gordon) Parks Make Life Better! Month

This measure would recognize the importance of access to local parks, trails, open space, and facilities for the health and development of all Californians and would declare the month of July 2015 as "Parks Make Life Better!" Month.

Introduced	02/04/15
Last Amended	05/14/15
Status	Enrolled

SB 17 (Monning) Sea Otter Fund

This bill would extend the authorization of the California Sea Otter fund to remain on the state tax forms to January 1, 2021.

Introduced	12/01/14
Status	Assembly Appropriations Committee

SB 141 (McGuire) Humboldt Bay Harbor, Recreation, and Conservation District Act: land use

This bill corrects an ambiguity in existing law (granting statutes), clarifying that the Humboldt Bay Harbor, Recreation, and Conservation District has the authority to sell or transfer non-granted lands purchased with revenues generated from its granted trust lands.

Introduced	01/26/15
Last Amended	06/21/15
Status	Assembly Local Government Committee

SB 233 (Hertzberg) Marine resources and preservation

This bill would amend the California Marine Resources Legacy Act in the Fish and Game Code, related to artificial reef conversion of offshore oil and gas facilities. The bill designates the Department of Fish and Wildlife as the lead agency for environmental review under CEQA for an application to partially remove an offshore structure. The bill requires the Department to determine the cost savings of partial removal compared with full removal, as well as make the determination of whether partial removal provides a net environmental benefit. The bill includes consideration of greenhouse gas emissions as part of the analysis of net environmental benefit. The bill makes changes to the application process, and changes to the timing of the distribution of funds. This bill designates the State Lands Commission as the lead agency under CEQA, requires the applicant to provide sufficient funds for all agencies to perform the responsibilities proscribed by the bill, and gives the Ocean Protection Council the responsibility of determining the appropriate weight to be given to adverse impacts to the marine environment versus greenhouse gas emissions. The bill would allow the first applicant to partially remove an offshore platform to pay startup and other costs associated with processing the application as determined by the department.

Introduced	02/13/15
Last Amended	06/02/15
Status	Assembly Water Parks and Wildlife Committee

SB 246 (Wiekowski) Climate change adaptation

This bill would codify the Climate Action Team (CAT), as originally created by Executive Order, under the direction of the Secretary for Environmental Protection and consisting of Cabinet Secretaries and representatives from specified state agencies, that would be responsible for coordinating the state's climate policy to achieve the state's climate change goals. The bill would require the CAT to update the 2009 California Adaptation Strategy no later than January 1, 2019, and authorize the CAT to form multiagency staff working groups to provide technical support and research. The bill also creates a 15-member advisory panel to the Office of Planning and Research. *Amendments of 05/05 eliminate the requirement to update the Safeguarding California Plan. Amendments of 06/02 eliminate the Climate Action Team and instead direct the Natural Resources Agency to update the Climate Adaptation Strategy, and the Office of Planning and Research to update the Adaptation Planning Guide.*

Introduced	02/18/15
Last Amended	06/02/15
Status	Assembly Natural Resources Committee

***SB 295 (Jackson) Pipeline safety: inspections**

As amended, this bill would require the State Fire Marshal to annually inspect all operators of intrastate pipelines; require pipelines over 5 years old to be hydrostatically tested every 2-3 years, and authorize the Fire Marshal to become an inspection agent.

Introduced 12/01/14
Last Amended 06/24/15
Status Assembly Rev and Tax Committee

Commission Position Recommend support. Analysis attached

SB 317 (De Leon) The Safe Neighborhood Parks, Rivers, and Coastal Protection Bond Act

This bill would enact the Safe Neighborhood Parks, Rivers, and Coastal Protection Bond Act of 2016, which, if adopted by the voters at the November 8, 2016, statewide general election, would authorize the issuance of bonds in an unspecified amount pursuant to the State General Obligation Bond Law to finance a safe neighborhood parks, rivers, and coastal protection program. The bill would authorize a total bond issuance amount of \$2,450,000,000. Of that amount, \$350,000,000 would be specified for coast and ocean protection, and \$370,000,000 for rivers, lakes and streams. This bill has an urgency clause. *Amendments of 05/05 up to 10% of funds allocated for each chapter may be used for project planning and monitoring, and specify that no more than 5% of funds allocated to a grant program may be used for administrative costs..*

Introduced 02/23/15
Last Amended 05/05/15
Status Senate Third Reading

SB 379 (Jackson) Land use: general plan: safety element

This bill would require cities and counties, when undertaking the next revision or mandatory update of their General Plan Housing Element on or after January 1, 2017, to also review and update the General Plan Safety Element to address climate adaptation and resiliency strategies. The update shall include goals, policies, and objectives based on a vulnerability assessment identifying the risks posed to the jurisdiction by climate change, based on specified state and federal information sources. Amendments of 05/05 require the update to include the geographic areas at risk from climate change impacts. Amendments of 06/01 strike the reference to the “housing element,” and replace it with “hazard mitigation plan.” *Amendments of 6/22 make a technical, non-substantive change.*

Introduced 02/24/15
Last Amended 06/22/15
Status Assembly Local Government

SB 414 (Jackson) Oil Spill Response

As Amended 06/03, this bill would require the Oil Spill Prevention and Response (OSPR) Administrator to develop a program to allow immediate response to an oil spill by contracted fishing vessels and crews; to submit a report to the Legislature assessing best available technology and equipment by July 16, 2016; adopt regulations pertaining to best achievable protection standards; prohibit the use of chemical dispersants unless specific actions are taken; require the Coastal Commission to conduct a federal consistency determination for federal policy authorizing the use of chemical dispersants; purchase and station at least two skimmers and an emergency tow tug off of the Santa Barbara coast; and limit the length of time to 2 weeks in which an a party can seek a reduction of penalties for the amount of oil recovered from the spill. *Amendments of 06/19 would prohibit the use of dispersants in State waters, require the administrator to conduct an independent vessel traffic assessment in all deep water ports, and require the administrator to submit a report to the Legislature every 5 years related to the use of response equipment.*

Introduced	02/25/15
Last Amended	06/19/15
Status	Assembly Natural Resources Committee

SB 657 (Monning) Diablo Canyon Units 1 and 2: independent peer review panel

As Amended 04/21, this bill would require the Public Utilities Commission to convene an independent review panel to review seismic studies and surveys of the Diablo Canyon Units 1 and 2, including the surrounding area and spent fuel storage areas. This bill has an urgency clause, and if chaptered, would take effect immediately. *Amendments of 6/23 make a technical, non-substantive change.*

Introduced	02/27/15
Last Amended	06/23/15
Commission Position	Support
Status	Senate Energy, Utility and Communications Committee. Hearing set for 6/17.

SB 718 (Leno) Hazardous Materials Response and Restoration Sub-account

As Amended 04/07, this bill would authorize the OSPR Administrator to loan up to \$500,000 annually from the Oil Spill Response Trust Fund to the Hazardous Materials Response and Restoration Sub-account for the purpose of reimbursing wildlife rescue and rehabilitation organizations for costs incurred from wildlife rescue activities associated with “non-oil material” spill events. *Amendments of 05/11 prohibit the Administrator from making the loan if the total amount of monies made from these loans that has not been repaid exceeds \$2,500,000.*

Introduced	02/27/15
Last Amended	05/11/15
Status	Senate Appropriations Committee, Suspense File

SB 788 (McGuire) California Coastal Protection Act of 2015

This bill would repeal Section 6422 of the Coastal Sanctuary Act, which currently authorizes the State Lands Commission (SLC) to enter into a lease for the extraction of oil or gas from state-owned tide and submerged lands in a California Coastal Sanctuary if SLC determines that the oil or gas deposits are being drained by producing wells on adjacent federal lands, and the lease is in the best interest of the state. The effect of this would be to prohibit any on or offshore drilling into oil reserves known as Tranquillon Ridge offshore Santa Barbara County. This bill is a reintroduction of SB 1096 (Jackson) from the previous legislative session.

Introduced	05/04/15
Last Amended	06/02/15
Status	Assembly Natural Resources Committee

SB 790 (Allen) State Coastal Conservancy: state policy

This is a spot bill relating to findings and declarations in the State Coastal Conservancy Act.

Introduced	02/27/15
Status	Senate Rules Committee

SB 798 Committee on Natural Resources and Water

This is a Committee-sponsored code maintenance bill. In relevant part to the Commission, the bill would amend Public Resources Code Section 30315(a) relating to meeting frequency, and repeal Section 30310.5 relating to public member appointments. The practical effect of this would be that the Commission would have the flexibility to schedule 10, 11 or 12 meetings per year, and the doctrine of incompatible offices would apply to public member appointments.

Introduced	04/09/15
Last Amended	05/06/15
Status	Assembly Water Parks and Wildlife Committee

SJR 3 (McGuire) Smith River Watershed Protection Act

This measure would urge the President of the United States and Congress to permanently safeguard the North Fork of the Smith River watershed in Oregon from any mining activities that would have the potential impacts on water supplies, economies, or the environment in California's portion of the Smith River watershed in Del Norte County. Amendments of 06/25 add multiple co-authors.

Introduced	01/21/15
Last Amended	06/25/15
Status	Assembly Desk

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BILL ANALYSIS
AB 864 (Williams)
As Amended, June 9, 2015

SUMMARY

AB 864 would require the operators of oil pipelines in environmentally and ecologically sensitive areas of state waters or along the coast to use the best available technology, including but not limited to automatic shutoff valves and remote sensor systems, to protect state waters and wildlife. The bill would also require pipeline operators to include in their oil spill contingency plans a description of how those technologies will be used.

PURPOSE OF THE BILL

The purpose of this bill is to protect state waters and sensitive habitat by reducing the amount of oil released into the environment in the event of an oil spill, by requiring pipelines in environmentally sensitive areas to include best achievable technologies for leak detection and automatic shutoff.

RECOMMENDED MOTION

I move that the Commission support Assembly Bill 864.

EXISTING LAW

Under the Elder California Pipeline Safety Act of 1981 (Gov. Code 51010 et. Seq.) the Office of the State Fire Marshal (OSFM) has exclusive regulatory and enforcement authority over the safety of *intrastate* oil pipelines.

The Public Utilities Code requires the installation of automatic shutoff systems in pipelines when located in “high consequence areas” and when crossing active seismic faults, except where preempted under federal law.

For *interstate* oil pipelines, the US Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA) has direct jurisdiction over safety and inspection standards. Federal regulations do not require automatic shutoff systems.

BACKGROUND

California has 4,500 miles of intrastate pipelines carrying hazardous materials, and 1,188 miles of interstate pipelines. All pipeline operators in Santa Barbara County have agreed to install automatic shutoff systems, with one exception: pipeline 901, a 24-inch pipeline which carries crude to onshore facilities from platforms Holly, Hondo, Harmony and Heritage. The original operators of 901 filed a lawsuit against the County in Federal Court in 1987. The settlement agreement, signed in 1988, eliminated the requirement to include automatic shutoff technology. Pipeline 901 is currently owned and operated by Plains All American Pipeline.

On May 19, 2015, pipeline 901 ruptured near Refugio Beach, releasing at least 100,000 gallons of oil, much of which made its way onto nearby bluffs, beaches and coastal waters. The resulting oil slick stretched 9 miles down coast, required the closure of two state beach campgrounds and miles of public beaches, and killed or injured hundreds of fish, birds, and marine mammals. An offshore area 23 by 6 miles was closed to fishing. Tar balls from the spill have been verified as far south as Manhattan Beach, and further testing is being conducted on additional samples from Los Angeles, Orange and San Diego County beaches.

Preliminary reports indicate that several hours elapsed between the time the rupture first occurred, and the time that the operator verified and located the leak, notified authorities, and manually shut down the pipeline. The eventual shut down was carried out remotely by a technician in Plains' Bakersfield facility. While the investigation is ongoing, preliminary reports from Plains indicate that response was delayed in part because key personnel were participating in a spill response training drill at the time of the actual spill; Bakersfield office staff had difficulty contacting staff in the field by cell phone, and the decision was made to visually confirm the specific location of the rupture before reporting it, according to testimony given by Plains' representative during a Legislative Oversight hearing in Santa Barbara June 26, 2015.

ANALYSIS

In a Legislative Oversight hearing in Santa Barbara on June 26, 2015, the pipeline operator testified that automatic shutoff valves are not the best achievable technology, alleging that they actually increase the likelihood of a spill in the event of an inadvertent valve closure which could cause a dangerous pressure buildup and blowout. However, this has not occurred in any of the pipelines with automatic shutoff valves in Santa Barbara County. As clarified by Santa Barbara County staff at the same hearing, Automatic shutoff valves are not installed as stand-alone components, they are part of a comprehensive automated system, which includes remote sensors and system-wide redundancies to protect against the failure of any one element in the larger system. The benefit of an automated system is that it functions quickly and independently of human error, doesn't rely on decision making or chain of command, and is not hampered by imperfect communication protocols.

This bill would apply to all intrastate pipelines in environmentally sensitive areas near state waters and along the coast. Although the state is pre-empted by federal law from directly regulating or setting safety standards for interstate pipelines, the author contends that this bill will also make explicit the state's authority and the obligation to require interstate oil pipeline operators to install additional safety measures to comply with various state laws protecting state waters, water quality and environmentally sensitive habitats under other state statutes.

Automatic shutoff systems don't eliminate the need for human oversight, nor completely supplant the need for manual shutoff or override capability. No system is completely failsafe, and real-time monitoring will always be necessary. But in a time of emergency, when confusion can impede decisions and delay crucial actions, and every passing minute results in greater environmental harm, the time saved by an automatic shutoff system can make the difference between a minor spill and a catastrophe.

Requiring best achievable technologies, including but not limited to automatic shut off systems, in pipelines near state waters and sensitive habitat areas has the potential to prevent or substantially reduce the amount of oil released into state waters, including coastal waters, beaches, bluffs and other sensitive coastal habitats.

SUPPORT

Sierra Club California

OPPOSITION

None on file

RECOMMENDED POSITION

Staff recommends the Commission **Support** AB 864.

AMENDED IN SENATE JUNE 9, 2015
AMENDED IN ASSEMBLY APRIL 30, 2015
AMENDED IN ASSEMBLY APRIL 15, 2015
CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 864

Introduced by Assembly Member Williams
(Principal coauthor: Senator Jackson)

February 26, 2015

~~An act to add and repeal Section 44002.1 of the Public Resources Code, relating to solid waste. An act to amend Sections 8670.28.5 and 8670.29 of the Government Code, relating to oil spill response.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 864, as amended, Williams. ~~Solid waste facilities: temporary permits. Oil spill response: environmentally and ecologically sensitive areas.~~

The Lempert-Keene-Seastrand Oil Spill Prevention and Response Act requires owners or operators of various facilities, including pipelines, while operating in the waters of the state or where a spill from the pipelines could impact state waters, to have an oil spill contingency plan submitted to, and approved by, the administrator for oil spill response to ensure prompt and adequate response and removal action in case of a spill. The act requires the operator to maintain a level of readiness that will allow effective implementation of the applicable contingency plan.

This bill would require the operators of pipelines in environmentally and ecologically sensitive areas of state waters or along the coasts of those areas to use the best available technologies to reduce the amount

of oil released in an oil spill to protect the state waters and wildlife, and to include a description of the use of those technologies in their oil spill contingency plans.

~~(1) The California Integrated Waste Management Act of 1989, which is administered by the Department of Resources Recycling and Recovery, prohibits a person from operating a solid waste facility without a solid waste facilities permit if that facility is required to have a permit pursuant to the act. The enforcement agency is required to immediately issue a cease and desist order ordering a solid waste facility that is operating without a permit to immediately cease operations and to direct the owner or operator of the facility to obtain a permit.~~

~~This bill would require, until January 1, 2025, the department to adopt regulations to authorize an enforcement agency, upon the department's approval, to issue a temporary solid waste facilities permit to a person carrying out solid waste operations at a facility that is required under the act to have a solid waste facilities permit, but for which a permit has not been obtained. The bill would require the regulations to direct any person desiring to obtain a temporary solid waste facilities permit to submit an application to the enforcement agency no later than 60 days from the date it is determined by the enforcement agency that a permit is required. The bill would require the owner or operator of a facility covered under a temporary permit to agree to inspections, at least monthly, by the enforcement agency.~~

~~The bill would require a local enforcement agency to notify the operators of all facilities within its jurisdiction of the availability of temporary solid waste facilities permits, thereby imposing a state-mandated local program by imposing new duties upon local enforcement agencies. The bill would also require the department to review and act on a proposed temporary solid waste facilities permit submitted by an enforcement agency within 30 days of that submission.~~

~~(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: *yes-no*.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 8670.28.5 of the Government Code is*
2 *amended to read:*

3 8670.28.5. (a) An operator shall maintain a level of readiness
4 that will allow effective implementation of the applicable
5 contingency plans.

6 (b) *An operator of a pipeline in environmentally and*
7 *ecologically sensitive areas of state waters and along the coasts*
8 *of those areas shall use best available technology, including, but*
9 *not limited to, the installation of automatic shutoff valves or remote*
10 *controlled sectionalized block valves, or both of those types of*
11 *valves, to reduce the amount of oil released in an oil spill to protect*
12 *state waters and wildlife.*

13 *SEC. 2. Section 8670.29 of the Government Code is amended*
14 *to read:*

15 8670.29. (a) In accordance with the rules, regulations, and
16 policies established by the administrator pursuant to Section
17 8670.28, an owner or operator of a facility, small marine fueling
18 facility, or mobile transfer unit, or an owner or operator of a tank
19 vessel, nontank vessel, or vessel carrying oil as secondary cargo,
20 while operating in the waters of the state or where a spill could
21 impact waters of the state, shall have an oil spill contingency plan
22 that has been submitted to, and approved by, the administrator
23 pursuant to Section 8670.31. An oil spill contingency plan shall
24 ensure the undertaking of prompt and adequate response and
25 removal action in case of a spill, shall be consistent with the
26 California oil spill contingency plan, and shall not conflict with
27 the National Oil and Hazardous Substances Pollution Contingency
28 Plan (NCP).

29 (b) An oil spill contingency plan shall, at a minimum, meet all
30 of the following requirements:

31 (1) Be a written document, reviewed for feasibility and
32 executability, and signed by the owner or operator, or his or her
33 designee.

34 (2) Provide for the use of an incident command system to be
35 used during a spill.

36 (3) Provide procedures for reporting oil spills to local, state,
37 and federal agencies, and include a list of contacts to call in the
38 event of a drill, threatened spill, or spill.

1 (4) Describe the communication plans to be used during a spill,
2 if different from those used by a recognized incident command
3 system.

4 (5) Describe the strategies for the protection of environmentally
5 sensitive areas.

6 (6) Identify at least one rated OSRO for each rating level
7 established pursuant to Section 8670.30. Each identified rated
8 OSRO shall be directly responsible by contract, agreement, or
9 other approved means to provide oil spill response activities
10 pursuant to the oil spill contingency plan. A rated OSRO may
11 provide oil spill response activities individually, or in combination
12 with another rated OSRO, for a particular owner or operator.

13 (7) Identify a qualified individual.

14 (8) Provide the name, address, and telephone and facsimile
15 numbers for an agent for service of process, located within the
16 state and designated to receive legal documents on behalf of the
17 owner or operator.

18 (9) Provide for training and drills on elements of the plan at
19 least annually, with all elements of the plan subject to a drill at
20 least once every three years.

21 (c) An oil spill contingency plan for a vessel shall also include,
22 but is not limited to, all of the following requirements:

23 (1) The plan shall be submitted to the administrator at least
24 seven days prior to the vessel entering waters of the state.

25 (2) The plan shall provide evidence of compliance with the
26 International Safety Management Code, established by the
27 International Maritime Organization, as applicable.

28 (3) If the oil spill contingency plan is for a tank vessel, the plan
29 shall include both of the following:

30 (A) The plan shall specify oil and petroleum cargo capacity.

31 (B) The plan shall specify the types of oil and petroleum cargo
32 carried.

33 (4) If the oil spill contingency plan is for a nontank vessel, the
34 plan shall include both of the following:

35 (A) The plan shall specify the type and total amount of fuel
36 carried.

37 (B) The plan shall specify the capacity of the largest fuel tank.

38 (d) An oil spill contingency plan for a facility shall also include,
39 but is not limited to, all of the following provisions, as appropriate:

40 (1) Provisions for site security and control.

1 (2) Provisions for emergency medical treatment and first aid.

2 (3) Provisions for safety training, as required by state and federal
3 safety laws for all personnel likely to be engaged in oil spill
4 response.

5 (4) Provisions detailing site layout and locations of
6 environmentally sensitive areas requiring special protection.

7 (5) Provisions for vessels that are in the operational control of
8 the facility for loading and unloading.

9 (e) Unless preempted by federal law or regulations, an oil spill
10 contingency plan for a railroad also shall include, but is not limited
11 to, all of the following:

12 (1) A list of the types of train cars that may make up the consist.

13 (2) A list of the types of oil and petroleum products that may
14 be transported.

15 (3) A map of track routes and facilities.

16 (4) A list, description, and map of any prestaged spill response
17 equipment and personnel for deployment of the equipment.

18 *(f) An oil spill contingency plan for a pipeline in environmentally*
19 *and ecologically sensitive areas of state waters or along the coasts*
20 *of those areas shall include a description of how the operators are*
21 *using the best available technology, including, but not limited to,*
22 *installation of automatic shutoff valves or remote controlled*
23 *sectionalized block valves, or both of those types of valves, to*
24 *reduce the amount of oil released in an oil spill to protect state*
25 *waters and wildlife.*

26 ~~(f)~~

27 (g) The oil spill contingency plan shall be available to response
28 personnel and to relevant state and federal agencies for inspection
29 and review.

30 ~~(g)~~

31 (h) The oil spill contingency plan shall be reviewed periodically
32 and updated as necessary. All updates shall be submitted to the
33 administrator pursuant to this article.

34 ~~(h)~~

35 (i) In addition to the regulations adopted pursuant to Section
36 8670.28, the administrator shall adopt regulations and guidelines
37 to implement this section. The regulations and guidelines shall
38 provide for the best achievable protection of waters and natural
39 resources of the state. The administrator may establish additional
40 oil spill contingency plan requirements, including, but not limited

1 to, requirements based on the different geographic regions of the
2 state. All regulations and guidelines shall be developed in
3 consultation with the Oil Spill Technical Advisory Committee.

4 (i)

5 (j) Notwithstanding subdivision (a) and paragraph (6) of
6 subdivision (b), a vessel or facility operating where a spill could
7 impact state waters that are not tidally influenced shall identify a
8 rated OSRO in the contingency plan no later than January 1, 2016.

9 ~~SECTION 1. Section 44002.1 is added to the Public Resources~~
10 ~~Code, to read:~~

11 ~~44002.1. (a) The Legislature finds and declares all of the~~
12 ~~following:~~

13 ~~(1) The swift advance of new trends in solid waste handling and~~
14 ~~collection practices, such as single-stream collection of recyclable~~
15 ~~materials, including, but not limited to, carpet, mattresses, and~~
16 ~~other materials, has resulted in the regulations adopted by the~~
17 ~~department that govern solid waste facilities not keeping pace with~~
18 ~~those trends, leading to the failure to comply with existing law by~~
19 ~~a substantial number of persons carrying out solid waste handling~~
20 ~~activities.~~

21 ~~(2) As cities and counties make greater efforts to increase the~~
22 ~~diversion of solid waste from landfills, the department anticipates~~
23 ~~that many new recycling and solid waste handling activities will~~
24 ~~commence in California in the next decades.~~

25 ~~(3) To address these trends, it is necessary to provide a~~
26 ~~temporary permitting scheme to enable the operators of existing~~
27 ~~solid waste facilities to obtain temporary permits more quickly~~
28 ~~than is possible under existing law, in order to protect the public~~
29 ~~health and safety, and the environment.~~

30 ~~(b) The department shall adopt regulations pursuant to~~
31 ~~subdivision (d) to authorize an enforcement agency, upon the~~
32 ~~department's approval, to issue a temporary solid waste facilities~~
33 ~~permit to a person operating a solid waste facility that is required~~
34 ~~under this division and the regulations adopted by the department~~
35 ~~pursuant to this division to obtain a solid waste facilities permit,~~
36 ~~but for which a permit has not been obtained. The regulations~~
37 ~~adopted by the department shall specify all of the following:~~

38 ~~(1) A requirement that a person desiring to obtain a temporary~~
39 ~~solid waste facilities permit submit a complete and correct~~
40 ~~application for the permit to the enforcement agency having~~

1 jurisdiction no later than 60 days from the date the enforcement
2 agency determines a solid waste facility permit is required.

3 (2) ~~The period of time during which a temporary solid waste~~
4 ~~facility permit shall remain effective.~~

5 (3) ~~The types and operational status of solid waste facilities that~~
6 ~~are eligible to obtain a temporary solid waste facilities permit.~~

7 (4) ~~A requirement that the owner or operator of a facility covered~~
8 ~~under a temporary solid waste facilities permit agree to allow the~~
9 ~~facility to be inspected, at least monthly, by the enforcement~~
10 ~~agency.~~

11 (e) (1) ~~An enforcement agency shall notify the operators of all~~
12 ~~solid waste facilities within its jurisdiction of the availability of~~
13 ~~temporary solid waste facilities permits under the regulations~~
14 ~~adopted pursuant to this section.~~

15 (2) ~~The department shall review and act on a proposed temporary~~
16 ~~solid waste facilities permit submitted to it by an enforcement~~
17 ~~agency for approval within 30 days of that submission. Upon the~~
18 ~~request of an enforcement agency, the department shall provide~~
19 ~~assistance to the enforcement agency to expeditiously process~~
20 ~~applications for temporary solid waste facilities permits.~~

21 (d) ~~The regulations adopted by the department pursuant to this~~
22 ~~section may be adopted as emergency regulations and shall be~~
23 ~~considered by the Office of Administrative Law as necessary for~~
24 ~~the immediate preservation of the public peace, health and safety,~~
25 ~~or general welfare. The department shall file the emergency~~
26 ~~regulations with the Office of Administrative Law at the earliest~~
27 ~~feasible date.~~

28 (e) ~~This section shall remain in effect only until January 1, 2025,~~
29 ~~and as of that date is repealed, unless a later enacted statute, that~~
30 ~~is enacted before January 1, 2025, deletes or extends that date.~~

31 SEC. 2. ~~No reimbursement is required by this act pursuant to~~
32 ~~Section 6 of Article XIII B of the California Constitution because~~
33 ~~a local agency or school district has the authority to levy service~~
34 ~~charges, fees, or assessments sufficient to pay for the program or~~
35 ~~level of service mandated by this act, within the meaning of Section~~
36 ~~17556 of the Government Code.~~

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BILL ANALYSIS
SB 295 (Jackson)
As Amended, June 24, 2015

SUMMARY

SB 295 would require the Office of the State Fire Marshall (OSFM) to annually inspect all intrastate pipeline operators under their jurisdiction, increase the frequency of hydrostatic inspections on intrastate pipelines older than 5 years, increase fees assessed on pipeline operators to pay for increased inspections, and enter into agreements with the Pipeline and Hazardous Materials Safety Administration (PHMSA) to authorize the Fire Marshal to act as in inspection agent for federally regulated pipelines, to the maximum extent possible.

PURPOSE OF THE BILL

The purpose of this bill is to prevent future oil spills through early detection of pipeline anomalies, by increasing the frequency of hydrostatic pipeline inspections on intrastate pipelines, and improving the reliability of testing on interstate pipelines.

RECOMMENDED MOTION

I move the Commission support Senate Bill 295.

EXISTING LAW

Under the Elder California Pipeline Safety Act of 1981 (Gov. Code 51010 et. Seq.) the Office of the State Fire Marshal (OSFM) has exclusive regulatory and enforcement authority over the safety of *intrastate* oil pipelines. For *interstate* oil pipelines, the US Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA) has exclusive federal jurisdiction. All pipelines from offshore platforms located in federal waters leading to onshore facilities are considered interstate pipelines, because they transport material from federal lands to state lands.

State law requires that intrastate pipelines over 10 years of age carrying hazardous materials must be hydrostatically (pressure) tested every three to five years. Pipelines on the Fire Marshal's list of higher risk pipelines are inspected every one to two years. Intrastate pipelines lacking automatic pressure relief systems are inspected annually. The OSFM requires that an independent third party observe and verify hydrostatic testing protocols, and forward the results directly to the Fire Marshal.

Federal regulators employ a different testing protocol, under a program of "Integrated Inspections" which focus on particular system components. For instance, PHMSA may require an operator to test all shut-off switches, followed by testing of other components, over a period of 5 years. PHMSA does not require independent third party verification, and requires test results to be kept on file by the operator and available to the agency upon request. PHMSA does not maintain a list of high risk pipelines.

BACKGROUND

A hydrostatic test is a way in which pipelines can be tested for strength and leaks, and serves as a method to verify the integrity of a system. Hydrostatic tests are performed by removing all the oil from a pipeline, replacing it with water, and then pressurizing them beyond their maximum allowable operating pressure. The State Fire Marshall pressurizes pipelines to 125 percent during hydrostatic testing. Hydrostatic testing requires a temporary interruption of production, and can result in pipeline damage if areas of the pipe are weak.

An internal inspection device known as a pipeline inspection gauge, or “Smart Pig” is a device that records information about the internal conditions of a pipeline. Smart pigs are inserted into the pipeline and are pushed along by the flowing product, taking readings as they go. Using electronic and/or magnetic sensors they measure conditions from inside of the pipeline, including restrictions and deformations of the pipe, as well as metal loss. Data is recorded internally and downloaded when the pig is recovered at the end of the pipeline. Unlike hydrostatic testing, “pigging” does not disrupt production and when properly deployed, does not pose a risk to infrastructure.

Both technologies play an important role in maintaining the safety of underground pipelines.

On May 19, 2015, an interstate pipeline carrying offshore crude oil adjacent to Refugio Beach in Santa Barbara County ruptured and spilled over 100,000 gallons of oil, much of which made its way onto nearby bluffs, beaches and coastal waters. The resulting oil slick stretched 9 miles down coast, required the closure of two state beach campgrounds and miles of public beaches, and killed or injured hundreds of fish, birds, and marine mammals. Tar balls from the spill have been verified as far south as Manhattan Beach, and further testing is being conducted on additional samples from Los Angeles, Orange and San Diego County beaches.

Although a federal investigation is ongoing, the initial phases of that investigation appear to indicate that the ruptured pipe was severely corroded at the site of the rupture. The last pipeline inspection prior to the spill was completed in 2013 using a smart pig. The pipeline was “pigged” again a few weeks before the spill, but the results had not been fully analyzed at the time of the spill. Neither set of test results are currently available to the public.

In 1987, the OSFM and PHMSA entered into a Hazardous Liquid Pipeline Safety Program Interstate Agent Agreement. Per that agreement, the State Fire Marshal agreed to act as an interstate inspection agent. This agreement was renewed regularly until December 2012 at which time the Fire Marshal decided not to renew the agreement due to staffing shortages, according to testimony given by the Fire Marshal at a June 26, 2015 Legislative Oversight Hearing.

ANALYSIS

While no method of transporting hazardous materials is without risk, pipelines are generally considered to be the safest means of transporting oil. However, pipelines are the preferable option only if they are regularly inspected and adequately maintained. The OSFM currently has three inspectors to oversee the safety of approximately 4,500 miles of underground hazardous material pipelines throughout California. PHMSA oversees 1,188 miles of interstate pipelines.

The pipeline that ruptured was an interstate pipeline that was being inspected biennially. Although the formal investigation has not yet concluded, the author's office has learned that the normal operating pressure of the pipeline in question was 650 pounds per square inch (psi), and the rupture occurred when the pressure spiked to 700 psi, an increase in pressure of 7.7 percent over the normal operating pressure. Had this pipeline been on an annual hydrostatic inspection schedule, the corrosion may have been detected before the pipeline ruptured, thus avoiding the Refugio spill.

Although state laws pertaining to interstate pipeline construction and inspection standards are preempted by federal law, for 25 years the Fire Marshall conducted inspections on interstate pipelines through formal agreement with PHMSA. These tests were conducted to federal standards per the agreement, but no law prohibits the OSFM from conducting interstate inspections to the state standard if authorized to do so by PHMSA. Even without the authority to directly regulate interstate pipelines, increased inspections, if fully supported by fees paid by the industry, could result in a more robust inspection regime, leading to more proactive pipeline repair and maintenance, and a reduction of accidental spills.

This bill would potentially add to the OSFM's existing workload, by increasing the frequency of inspections and the number of pipelines involved if the inspection agreement with PHMSA was renewed. However, to the extent that these costs can be offset by reimbursements from PHMSA and fees assessed to operators, this bill could provide the additional resources necessary to increase the Fire Marshal's capacity for inspections, significantly improve oil pipeline safety in California.

While SB 295 will not undo the damage from the Refugio spill, increased testing likely would provide a higher level of protection for coastal resources and the environment generally, and could prevent avoidable spill events in the future. In particular, increased hydrostatic testing has the potential to identify the true condition of underground pipelines, and correct for any oversight or technical error in the pigging process. While hydrostatic testing is more disruptive to oil production flows, it is far better to learn of pipeline integrity failure through an accidental release of pressurized water than oil. SB 295 will support the rebuilding of more effective statewide testing protocols and practices.

SUPPORT

Sierra Club California

OPPOSITION

None on file

RECOMMENDED POSITION

Staff recommends the Commission **Support** SB 295.

AMENDED IN ASSEMBLY JUNE 24, 2015

SENATE BILL

No. 295

Introduced by Senator ~~De León~~ Jackson
(Principal coauthor: Assembly Member Williams)

February 23, 2015

~~An act to amend Sections 17053.86 and 23686 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.~~
An act to amend Section 51013.5 of, and to add Section 51015.1 to, the Government Code, relating to pipeline safety.

LEGISLATIVE COUNSEL'S DIGEST

SB 295, as amended, ~~De León~~ Jackson. ~~College Access Tax Credit Fund.~~ Pipeline safety: inspections.

Under the Elder California Pipeline Safety Act of 1981, the State Fire Marshal exercises safety regulatory jurisdiction over intrastate pipelines used for the transportation of hazardous or highly volatile liquid substances. The act authorizes the State Fire Marshal to exercise safety regulatory jurisdiction over portions of interstate pipelines located within the state and subject to an agreement between the United States Secretary of Transportation and the State Fire Marshal. The act requires those pipelines over 10 years of age to be hydrostatically tested every 3 or 5 years, as provided, except that high-risk pipelines, as designated by the State Fire Marshall, are to be tested every 2 years or annually, as provided.

This bill would require the State Fire Marshal, or an officer or employee authorized by the State Fire Marshal, to annually inspect all operators of intrastate pipelines under the jurisdiction of the State Fire Marshal. The bill would require pipelines over 5 years of age to be hydrostatically tested every 2 or 3 years, as provided, and would require

all designated high-risk pipelines to be tested annually. The bill would require the State Fire Marshall, to the maximum extent possible, to become an inspection agent by entering into an agreement with the federal Pipeline and Hazardous Materials Safety Administration, as specified. The bill would require the State Fire Marshall to revise specified fees assessed to cover the costs associated with this measure. The bill would also delete obsolete provisions.

~~The Personal Income Tax Law and the Corporation Tax Law allow various credits against the taxes imposed by those laws, including, for taxable years beginning on or after January 1, 2014, and before January 1, 2017, a credit equal to a certain percentage of a contribution to the College Access Tax Credit Fund for specified education purposes, as provided.~~

~~This bill would extend the allowance of these credits to taxable years beginning before January 1, 2018.~~

~~This bill would take effect immediately as a tax levy.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 51013.5 of the Government Code is
2 amended to read:

3 51013.5. (a) Every newly constructed pipeline, existing
4 pipeline, or part of a pipeline system that has been relocated or
5 replaced, and every pipeline that transports a hazardous liquid
6 substance or highly volatile liquid substance, shall be tested in
7 accordance with Subpart E (commencing with Section 195.300)
8 of Part 195 of Title 49 of the Code of Federal Regulations.

9 (b) Every pipeline not provided with properly sized automatic
10 pressure relief devices or properly designed pressure limiting
11 devices shall be hydrostatically tested annually.

12 (c) Every pipeline over ~~10~~ five years of age and not provided
13 with effective cathodic protection shall be hydrostatically tested
14 every ~~three~~ two years, except for those on the State Fire Marshal's
15 list of higher risk pipelines, which shall be hydrostatically tested
16 annually.

17 (d) Every pipeline over ~~10~~ five years of age and provided with
18 effective cathodic protection shall be hydrostatically tested every
19 ~~five~~ three years, except for those on the State Fire Marshal's list

1 of higher risk pipelines which shall be hydrostatically tested ~~every~~
2 ~~two years: annually.~~

3 (e) Piping within a refined products bulk loading facility served
4 by pipeline shall be tested hydrostatically at 125 percent of
5 maximum allowable operating pressure utilizing the product
6 ordinarily transported in that piping if that piping is operated at a
7 stress level of 20 percent or less of the specified minimum yield
8 strength of the pipe. The frequency for pressure testing these
9 pipelines shall be every five years for those pipelines with effective
10 cathodic protection and every three years for those pipelines
11 without effective cathodic protection. If that piping is observable,
12 visual inspection may be the method of testing.

13 ~~(f) Beginning on July 1, 1990, and continuing until the~~
14 ~~regulations adopted by the State Fire Marshal pursuant to~~
15 ~~subdivision (g) take effect, each pipeline within the State Fire~~
16 ~~Marshal's jurisdiction which satisfies any of the following sets of~~
17 ~~criteria shall be placed on the State Fire Marshal's list of higher~~
18 ~~risk pipelines until five years pass without a reportable leak due~~
19 ~~to corrosion or defect on that pipeline. Initially, pipelines on that~~
20 ~~list shall be tested by the next scheduled test date, or within two~~
21 ~~years of being placed on the list, whichever is first. On July 1,~~
22 ~~1990, pipeline operators shall provide the State Fire Marshal with~~
23 ~~a list of all their pipelines which satisfy the criteria in this~~
24 ~~subdivision as of July 1, 1990. If any pipeline becomes eligible~~
25 ~~for the list of higher risk pipelines after that date, the pipeline~~
26 ~~company shall report that fact to the State Fire Marshal within 30~~
27 ~~days, and the pipeline shall be placed on the list retroactively to~~
28 ~~the date on which it became eligible for listing. Pipelines which~~
29 ~~are found to belong on the list, but are not so reported by the~~
30 ~~operator to the State Fire Marshal, shall be placed on the list~~
31 ~~retroactively. Operators failing to properly report their pipelines~~
32 ~~shall be subject to penalties under Section 51018.6. Pipelines not~~
33 ~~covered under the risk criteria developed pursuant to subdivision~~
34 ~~(g) shall be deleted from the list when regulations are adopted~~
35 ~~pursuant to that subdivision. For purposes of this subdivision, a~~
36 ~~leak which is traceable to an external force, but for which corrosion~~
37 ~~is partly responsible, shall be deemed caused by corrosion, "defect"~~
38 ~~refers to manufacturing or construction defects, and "leak" or~~
39 ~~"reportable leak" means a rupture required to be reported pursuant~~
40 ~~to Section 51018. As long as all pipelines are tested in their entirety~~

1 at least as frequently as standard risk pipelines under subdivisions
2 (c) and (d), it shall suffice for additional tests on higher risk
3 pipelines to cover 20 pipeline miles in all directions along an
4 operator's pipeline from the position of the leak or leaks which
5 led to the inclusion or retention of that pipeline on the higher risk
6 list. The interim list shall include pipelines which meet any of the
7 following criteria:

8 (1) Have suffered two or more reportable leaks, not including
9 leaks during a certified hydrostatic pressure test, due to corrosion
10 or defect in the prior three years.

11 (2) Have suffered three or more reportable leaks, not including
12 leaks during a certified hydrostatic pressure test, due to corrosion,
13 defects, or external forces, but not all due to external forces, in the
14 prior three years.

15 (3) Have suffered a reportable leak, except during a certified
16 hydrostatic pressure test, due to corrosion or defect of more than
17 50,000 gallons, or 10,000 gallons in a standard metropolitan
18 statistical area, in the prior three years; or have suffered a leak due
19 to corrosion or defect which the State Fire Marshal finds has
20 resulted in more than 42 gallons of a hazardous liquid within the
21 State Fire Marshal's jurisdiction entering a waterway in the prior
22 three years; or have suffered a reportable leak of a hazardous liquid
23 with a flashpoint of less than 140 degrees Fahrenheit, or 60 degrees
24 centigrade, in the prior three years.

25 (4) Are less than 50 miles long, and have experienced a
26 reportable leak, except during a certified hydrostatic pressure test,
27 due to corrosion or a defect in the prior three years. For the
28 purposes of this paragraph, the length of a pipeline with more than
29 two termini shall be the longest distance between two termini along
30 the pipeline.

31 (5) Have experienced a reportable leak in the prior five years
32 due to corrosion or defect, except during a certified hydrostatic
33 pressure test, on a section of pipe more than 50 years old. For
34 pipelines which fall in this category, and no other category of
35 higher risk pipeline, additional tests required by this subdivision
36 shall be required only on segments of the pipe more than 50 years
37 old as long as all pipe more than 50 years old which is within 20
38 pipeline miles from the leak in all directions along an operator's
39 pipeline is tested.

40 (g)

1 (f) The State Fire Marshal shall study indicators and precursors
2 of serious pipeline accidents, and, in consultation with the Pipeline
3 Safety Advisory Committee, shall develop criteria for identifying
4 which hazardous liquid pipelines pose the greatest risk to people
5 and the environment due to the likelihood of, and likely seriousness
6 of, an accident due to corrosion or defect. The study shall give due
7 consideration to research done by the industry, the federal
8 government, academia, and to any other information which the
9 State Fire Marshal shall deem relevant, including, but not limited
10 to, recent leak history, pipeline location, and materials transported.
11 Beginning January 1, 1992, using the criteria identified in that
12 study, the State Fire Marshal shall maintain a list of higher risk
13 pipelines, which exceed a standard of risk to be determined by the
14 State Fire Marshal, and which shall be tested as required in
15 subdivisions (c) and (d) as long as they remain on the list. ~~By~~
16 ~~January 1, 1992, after public hearings, the State Fire Marshal shall~~
17 ~~adopt regulations to implement this subdivision.~~

18 ~~(h)~~

19 (g) In addition to the requirements of subdivisions (a) to (e),
20 inclusive, the State Fire Marshal may require any pipeline subject
21 to this chapter to be subjected to a pressure test, or any other test
22 or inspection, at any time, in the interest of public safety.

23 ~~(i)~~

24 (h) Test methods other than the hydrostatic tests required by
25 subdivisions (b), (c), (d), and (e), including inspection by
26 instrumented internal inspection devices, may be approved by the
27 State Fire Marshal on an individual basis. If the State Fire Marshal
28 approves an alternative to a pressure test in an individual case, the
29 State Fire Marshal may require that the alternative test be given
30 more frequently than the testing frequencies specified in
31 subdivisions (b), (c), (d), and (e).

32 ~~(j)~~

33 (i) The State Fire Marshal shall adopt regulations ~~before January~~
34 ~~1, 1992,~~ to establish what the State Fire Marshal deems to be an
35 appropriate frequency for tests and inspections, including
36 instrumented internal inspections, which, when permitted as a
37 substitute for tests required under subdivisions (b), (c), and (d),
38 do not damage pipelines or require them to be shut down for the
39 testing period. That testing shall in no event be less frequent than
40 is required by subdivisions (b), (c), and (d). Each time one of these

1 tests is required on a pipeline, it shall be approved on the same
2 individual basis as under subdivision ~~(i)~~: *(h)*. If it is not approved,
3 a hydrostatic test shall be carried out at the time the alternative
4 test would have been carried out, and subsequent tests shall be
5 carried out in accordance with the time intervals prescribed by
6 subdivision (b), (c), or (d), as applicable.

7 *SEC. 2. Section 51015.1 is added to the Government Code, to*
8 *read:*

9 *51015.1. (a) The State Fire Marshal, or an officer or employee*
10 *authorized by the State Fire Marshal, shall annually inspect all*
11 *operators of intrastate pipelines under the jurisdiction of the State*
12 *Fire Marshal to ensure compliance with applicable laws and*
13 *regulations.*

14 *(b) For portions of interstate pipelines that are not under the*
15 *jurisdiction of the State Fire Marshal pursuant to Section 51010.6,*
16 *the State Fire Marshal shall, to the maximum extent possible,*
17 *become an inspection agent through entering into an interstate*
18 *inspection agent agreement with the federal Pipeline and*
19 *Hazardous Materials Safety Administration.*

20 *(c) The State Fire Marshal shall revise the fee assessed*
21 *pursuant to Section 51019 to a level sufficient to cover the costs*
22 *associated with the implementation of this section and Section*
23 *51013.5, as amended by the act adding this section.*

24 ~~SECTION 1. Section 17053.86 of the Revenue and Taxation~~
25 ~~Code is amended to read:~~

26 ~~17053.86. (a) (1) For each taxable year beginning on or after~~
27 ~~January 1, 2014, and before January 1, 2018, there shall be allowed~~
28 ~~as a credit against the "net tax," as defined in Section 17039, an~~
29 ~~amount equal to the following:~~

30 ~~(A) For each taxable year beginning on and after January 1,~~
31 ~~2014, and before January 1, 2016, 60 percent of the amount~~
32 ~~contributed by the taxpayer for the 2014 or 2015 taxable year to~~
33 ~~the College Access Tax Credit Fund, as allocated and certified by~~
34 ~~the California Educational Facilities Authority.~~

35 ~~(B) For each taxable year beginning on and after January 1,~~
36 ~~2016, and before January 1, 2017, 55 percent of the amount~~
37 ~~contributed by the taxpayer for the 2016 taxable year to the College~~
38 ~~Access Tax Credit Fund, as allocated and certified by the California~~
39 ~~Educational Facilities Authority.~~

1 ~~(C) For each taxable year beginning on and after January 1,~~
2 ~~2017, and before January 1, 2018, 50 percent of the amount~~
3 ~~contributed by the taxpayer for the 2017 taxable year to the College~~
4 ~~Access Tax Credit Fund, as allocated and certified by the California~~
5 ~~Educational Facilities Authority.~~

6 ~~(2) Contributions shall be made only in cash.~~

7 ~~(b) (1) The aggregate amount of credit that may be allocated~~
8 ~~and certified pursuant to this section and Section 23686 shall be~~
9 ~~an amount equal to the sum of all of the following:~~

10 ~~(A) Five hundred million dollars (\$500,000,000) in credits for~~
11 ~~the 2014 calendar year and each calendar year thereafter.~~

12 ~~(B) The amount of previously unallocated and uncertified~~
13 ~~credits.~~

14 ~~(2) (A) For purposes of this section, the California Educational~~
15 ~~Facilities Authority shall do all of the following:~~

16 ~~(i) On or after January 1, 2014, and before January 1, 2018,~~
17 ~~allocate and certify tax credits to taxpayers under this section.~~

18 ~~(ii) Establish a procedure for taxpayers to contribute to the~~
19 ~~College Access Tax Credit Fund and to obtain from the California~~
20 ~~Educational Facilities Authority a certification for the credit~~
21 ~~allowed by this section. The procedure shall require the California~~
22 ~~Educational Facilities Authority to certify the contribution amount~~
23 ~~eligible for credit within 45 days following receipt of the~~
24 ~~contribution.~~

25 ~~(iii) Provide to the Franchise Tax Board a copy of each credit~~
26 ~~certificate issued for the calendar year by March 1 of the calendar~~
27 ~~year immediately following the year in which those certificates~~
28 ~~are issued.~~

29 ~~(B) (i) The California Educational Facilities Authority shall~~
30 ~~adopt any regulations necessary to implement this paragraph.~~

31 ~~(ii) Chapter 3.5 (commencing with Section 11340) of Part 1 of~~
32 ~~Division 3 of Title 2 of the Government Code does not apply to~~
33 ~~any regulation adopted by the California Educational Facilities~~
34 ~~Authority pursuant to clause (i).~~

35 ~~(e) (1) In the case where the credit allowed by this section~~
36 ~~exceeds the "net tax," the excess may be carried over to reduce~~
37 ~~the "net tax" in the following year, and succeeding five years if~~
38 ~~necessary, until the credit is exhausted.~~

~~(2) A deduction shall not be allowed under this part for amounts taken into account under this section in calculating the credit allowed by this section.~~

~~(d) (1) The College Access Tax Credit Fund is hereby created as a special fund in the State Treasury. All revenue in this special fund shall be allocated as follows:~~

~~(A) First to the General Fund in an amount equal to the aggregate amount of certified credits allowed pursuant to this section and Section 23686 for the taxable year. Funds allocated to the General Fund shall be considered General Fund revenues for purposes of Sections 8 and 8.5 of Article XVI of the California Constitution.~~

~~(B) Second, upon appropriation, as follows:~~

~~(i) To the Franchise Tax Board, the California Educational Facilities Authority, the Controller, and the Student Aid Commission for reimbursement of all administrative costs incurred by those agencies in connection with their duties under this section, Section 23686, and Section 69432.7 of the Education Code.~~

~~(ii) To the Student Aid Commission for purposes of awarding Cal Grants to students pursuant to Section 69431.7 of the Education Code.~~

~~(2) The tax credit allowed by subdivision (a) of this section and subdivision (a) of Section 23686 for donations to the College Access Tax Credit Fund shall be known as the College Access Tax Credit.~~

~~(e) This section shall remain in effect only until December 1, 2018, and as of that date is repealed.~~

~~SEC. 2. Section 23686 of the Revenue and Taxation Code is amended to read:~~

~~23686. (a) (1) For each taxable year beginning on or after January 1, 2014, and before January 1, 2018, there shall be allowed as a credit against the "tax," as defined in Section 23036, an amount equal to the following:~~

~~(A) For each taxable year beginning on and after January 1, 2014, and before January 1, 2016, 60 percent of the amount contributed by the taxpayer for the 2014 or 2015 taxable year to the College Access Tax Credit Fund, as allocated and certified by the California Educational Facilities Authority.~~

~~(B) For each taxable year beginning on and after January 1, 2016, and before January 1, 2017, 55 percent of the amount~~

1 contributed by the taxpayer for the 2016 taxable year to the College
2 Access Tax Credit Fund, as allocated and certified by the California
3 Educational Facilities Authority:

4 ~~(C) For each taxable year beginning on and after January 1,~~
5 ~~2017, and before January 1, 2018, 50 percent of the amount~~
6 ~~contributed by the taxpayer for the 2017 taxable year to the College~~
7 ~~Access Tax Credit Fund, as allocated and certified by the California~~
8 ~~Educational Facilities Authority:~~

9 ~~(2) Contributions shall be made only in cash.~~

10 ~~(b) (1) The aggregate amount of credit that may be allocated~~
11 ~~and certified pursuant to this section and Section 17053.86 shall~~
12 ~~be an amount equal to the sum of all of the following:~~

13 ~~(A) Five hundred million dollars (\$500,000,000) in credits for~~
14 ~~the 2014 calendar year and each calendar year thereafter.~~

15 ~~(B) The amount of previously unallocated and uncertified~~
16 ~~credits.~~

17 ~~(2) (A) For purposes of this section, the California Educational~~
18 ~~Facilities Authority shall do all of the following:~~

19 ~~(i) On or after January 1, 2014, and before January 1, 2018,~~
20 ~~allocate and certify tax credits to taxpayers under this section.~~

21 ~~(ii) Establish a procedure for taxpayers to contribute to the~~
22 ~~College Access Tax Credit Fund and to obtain from the California~~
23 ~~Educational Facilities Authority a certification for the credit~~
24 ~~allowed by this section. The procedure shall require the California~~
25 ~~Educational Facilities Authority to certify the contribution amount~~
26 ~~eligible for credit within 45 days following receipt of the~~
27 ~~contribution.~~

28 ~~(iii) Provide to the Franchise Tax Board a copy of each credit~~
29 ~~certificate issued for the calendar year by March 1 of the calendar~~
30 ~~year immediately following the year in which those certificates~~
31 ~~are issued.~~

32 ~~(B) (i) The California Educational Facilities Authority shall~~
33 ~~adopt any regulations necessary to implement this paragraph.~~

34 ~~(ii) Chapter 3.5 (commencing with Section 11340) of Part 1 of~~
35 ~~Division 3 of Title 2 of the Government Code does not apply to~~
36 ~~any regulation adopted by the California Educational Facilities~~
37 ~~Authority pursuant to clause (i).~~

38 ~~(c) (1) In the case where the credit allowed by this section~~
39 ~~exceeds the "tax," the excess may be carried over to reduce the~~

1 “tax” in the following year, and succeeding five years if necessary;
2 until the credit is exhausted.

3 (2) ~~A deduction shall not be allowed under this part for amounts~~
4 ~~taken into account under this section in calculating the credit~~
5 ~~allowed by this section.~~

6 (d) ~~This section shall remain in effect only until December 1,~~
7 ~~2018, and as of that date is repealed.~~

8 SEC. 3. ~~This act provides for a tax levy within the meaning of~~
9 ~~Article IV of the Constitution and shall go into immediate effect.~~