

## Oil Spill Liability Trust Fund

In August 1990, when President George H. W. Bush signed the [Oil Pollution Act \(OPA\)](#) into law and authorized use of the Oil Spill Liability Trust Fund (OSLTF). The Fund was created in 1986, but Congress did not pass legislation to authorize the use of the money or the collection of revenue necessary for its maintenance. It was only after the *Exxon Valdez* grounding that authorization was granted.

### Uses of the Fund

- Removal costs incurred by the Coast Guard and EPA
- State access for removal activities
- Payments to federal, state, and Indian tribe trustees to conduct natural resource damage assessments and restorations;
- Payment of claims for uncompensated removal costs and damages;
- Research and development
- Other specific appropriations.

The Energy Policy Act of 2005 increased the maximum size of the Fund to \$2.7 billion.

### The OSLTF has two major components.

**The Emergency Fund** is available for Federal On-Scene Coordinators (FOSCs) to respond to discharges and for federal trustees to initiate natural resource damage assessments. The Emergency Fund is a recurring \$50 million available to the President annually.

**The remaining Principal Fund** balance is used to pay claims and to fund appropriations by Congress to Federal agencies to administer the provisions of OPA and support research and development.

### The OSLTF is administered by the National Pollution Funds Center.

A core mission of the NPFC is to administer the disbursement and ensure proper use of the Emergency Fund, 24 hours a day, every day, so that the [FOSC](#) can immediately respond to a discharge or monitor prompt and effective cleanup activities by the responsible party (RP). The Emergency Fund can be used by FOSCs to cover expenses associated with mitigating the threat of an oil spill, as well as the costs of oil spill containment, countermeasures, cleanup, and disposal activities. While the use of the OSLTF is most closely associated with discharges from ships, it has increasingly been used for discharges at industrial or onshore oil storage and production facilities.

## **The Principal Fund**

### **Sources of the Principal Fund**

The Principal Fund of the OSLTF has several recurring and nonrecurring sources of revenue.

#### **Barrel Tax.**

The largest source of revenue has been a 5-cent-per-barrel tax, collected from the oil industry on petroleum produced in or imported to the United States. The tax was suspended in July 1993 because the Fund reached its statutory limit. It was reinstated in July 1994, when the balance declined below \$1 billion, but expired at the end of 1994 because of the sunset provision in the law. The 2005 Energy Policy Act again reinstated the tax (effective April 2006).

**Transfers.** A second major source of revenue has been transfers from other existing pollution funds. Total transfers into the Fund since 1990 have exceeded \$550 million. No additional funds remain to be transferred to the OSLTF.

**Interest.** A recurring source of OSLTF revenue is the interest on the Fund principal from U.S. Treasury investments. The Department of the Treasury serves as the OSLTF's investment manager.

**Cost Recoveries.** Another source is cost recoveries from responsible parties (RPs).

**Penalties.** In addition to paying for clean-up costs, RPs may incur fines and civil penalties under OPA, the Federal Water Pollution Control Act, the Deepwater Port Act, and the Trans-Alaska Pipeline Authorization Act. Penalty deposits into the OSLTF are generally between \$4 million and \$7 million per year.

### **Uses of the Principal Fund**

The Principal Fund has two types of expenses.

**Claims.** Any person or organization that has incurred removal costs or suffered damages due to an oil spill may submit a claim.

**Appropriations.** Several Federal organizations receive annual appropriations from the OSLTF to cover certain administrative, operational, personnel, enforcement, and research and development costs.