

110TH CONGRESS  
1ST SESSION

# H. R. 6

To reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 12, 2007

Mr. RAHALL (for himself, Mr. RANGEL, Mr. MCNERNEY, Mr. BARTLETT of Maryland, Mr. GILCHREST, Mr. STARK, Mr. LEVIN, Mr. MCDERMOTT, Mr. LEWIS of Georgia, Mr. NEAL of Massachusetts, Mr. MCNULTY, Mr. TANNER, Mr. BECERRA, Mr. DOGGETT, Mr. POMEROY, Mrs. JONES of Ohio, Mr. THOMPSON of California, Mr. LARSON of Connecticut, Mr. EMANUEL, Mr. BLUMENAUER, Mr. KIND, Mr. PASCRELL, Ms. BERKLEY, Mr. CROWLEY, Mr. VAN HOLLEN, Mr. MEEK of Florida, Ms. SCHWARTZ, Mr. DAVIS of Alabama, Mr. ACKERMAN, Mr. ALLEN, Mr. ALTMIRE, Mr. ANDREWS, Mr. ARCURI, Mr. BACA, Mr. BAIRD, Ms. BALDWIN, Mr. BERMAN, Mr. BERRY, Mr. BISHOP of New York, Mr. BISHOP of Georgia, Ms. BORDALLO, Mr. BOSWELL, Mr. BOUCHER, Mr. BRADY of Pennsylvania, Mr. BRALEY of Iowa, Mr. BUTTERFIELD, Mrs. CAPPS, Mr. CAPUANO, Mr. CARDOZA, Mr. CARNAHAN, Mr. CARNEY, Ms. CARSON, Ms. CASTOR, Mr. CHANDLER, Mrs. CHRISTENSEN, Ms. CLARKE, Mr. CLAY, Mr. CLEAVER, Mr. CLYBURN, Mr. COHEN, Mr. CONYERS, Mr. COOPER, Mr. COURTNEY, Mr. CUMMINGS, Mr. DAVIS of Illinois, Mr. LINCOLN DAVIS of Tennessee, Mr. DEFazio, Ms. DEGETTE, Mr. DELAHUNT, Ms. DELAURO, Mr. DICKS, Mr. DINGELL, Mr. DOYLE, Mr. ELLISON, Mr. ELLSWORTH, Ms. ESHOO, Mr. ETHERIDGE, Mr. FALEOMAVAEGA, Mr. FARR, Mr. FATTAH, Mr. FILNER, Mr. FRANK of Massachusetts, Ms. GIFFORDS, Mrs. GILLIBRAND, Mr. GONZALEZ, Mr. GORDON of Tennessee, Mr. GRIJALVA, Mr. GUTIERREZ, Mr. HARE, Ms. HARMAN, Mr. HASTINGS of Florida, Ms. HERSETH, Mr. HIGGINS, Mr. HILL, Mr. HINCHEY, Ms. HIRONO, Mr. HODES, Mr. HOLDEN, Mr. HOLT, Mr. HONDA, Ms. HOOLEY, Mr. HOYER, Mr. INSLEE, Mr. ISRAEL, Mr. JACKSON of Illinois, Ms. JACKSON-LEE of Texas, Mr. JOHNSON of Georgia, Mr. KAGEN, Ms. KAPTUR, Mr. KENNEDY, Mr. KILDEE, Ms. KILPATRICK of Michigan, Mr. KLEIN of Florida, Mr. KUCINICH, Mr. LANGEVIN, Mr. LANTOS, Mr. LARSEN of Washington, Ms. LEE, Mr. LOEBSACK, Ms. ZOE LOFGREN of California, Mrs. LOWEY, Mr. LYNCH, Mr. MAHONEY of Florida, Mrs.

MALONEY of New York, Mr. MARKEY, Ms. MATSUI, Mrs. MCCARTHY of New York, Ms. MCCOLLUM of Minnesota, Mr. MCGOVERN, Mr. MCINTYRE, Mr. MEEHAN, Mr. MICHAUD, Ms. MILLENDER-McDONALD, Mr. GEORGE MILLER of California, Mr. MITCHELL, Mr. MOORE of Kansas, Mr. MORAN of Virginia, Mr. MURPHY of Connecticut, Mr. PATRICK MURPHY of Pennsylvania, Mr. NADLER, Mrs. NAPOLITANO, Ms. NORTON, Mr. OBERSTAR, Mr. OBEY, Mr. OLVER, Mr. PALLONE, Mr. PASTOR, Mr. PAYNE, Mr. PERLMUTTER, Mr. PETERSON of Minnesota, Mr. PRICE of North Carolina, Mr. REYES, Mr. RODRIGUEZ, Mr. ROSS, Mr. ROTHMAN, Ms. ROYBAL-ALLARD, Mr. RUPPERSBERGER, Mr. RUSH, Mr. RYAN of Ohio, Ms. LINDA T. SÁNCHEZ of California, Mr. SARBANES, Ms. SCHAKOWSKY, Mr. SCHIFF, Mr. SCOTT of Georgia, Mr. SCOTT of Virginia, Mr. SERRANO, Mr. SESTAK, Ms. SHEA-PORTER, Mr. SHERMAN, Mr. SIRES, Mr. SKELTON, Ms. SLAUGHTER, Mr. SMITH of Washington, Ms. SOLIS, Mr. SPACE, Mr. SPRATT, Mr. STUPAK, Ms. SUTTON, Mrs. TAUSCHER, Mr. THOMPSON of Mississippi, Mr. TIERNEY, Mr. UDALL of Colorado, Mr. UDALL of New Mexico, Ms. VELÁZQUEZ, Mr. WALZ of Minnesota, Ms. WASSERMAN SCHULTZ, Ms. WATERS, Ms. WATSON, Mr. WAXMAN, Mr. WEINER, Mr. WELCH of Vermont, Mr. WEXLER, Mr. WILSON of Ohio, Ms. WOOLSEY, Mr. WU, Mr. WYNN, and Mr. YARMUTH) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Natural Resources, the Budget, and Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Creating Long-Term  
3 Energy Alternatives for the Nation Act of 2007” or the  
4 “CLEAN Energy Act of 2007” .

5 **TITLE I—DENIAL OF OIL AND**  
6 **GAS TAX BENEFITS**

7 **SEC. 101. SHORT TITLE.**

8 This title may be cited as the “Ending Subsidies for  
9 Big Oil Act of 2007”.

10 **SEC. 102. DENIAL OF DEDUCTION FOR INCOME ATTRIB-**  
11 **UTABLE TO DOMESTIC PRODUCTION OF OIL,**  
12 **NATURAL GAS, OR PRIMARY PRODUCTS**  
13 **THEREOF.**

14 (a) IN GENERAL.—Subparagraph (B) of section  
15 199(c)(4) of the Internal Revenue Code of 1986 (relating  
16 to exceptions) is amended by striking “or” at the end of  
17 clause (ii), by striking the period at the end of clause (iii)  
18 and inserting “, or”, and by inserting after clause (iii) the  
19 following new clause:

20 “(iv) the sale, exchange, or other dis-  
21 position of oil, natural gas, or any primary  
22 product thereof.”.

23 (b) PRIMARY PRODUCT.—Section 199(c)(4)(B) of  
24 such Code is amended by adding at the end the following  
25 flush sentence:

1           “For purposes of clause (iv), the term ‘primary  
2           product’ has the same meaning as when used in  
3           section 927(a)(2)(C), as in effect before its re-  
4           peal.”.

5           (c) CONFORMING AMENDMENTS.—Section 199(c)(4)  
6 of such Code is amended—

7           (1) in subparagraph (A)(i)(III) by striking  
8           “electricity, natural gas,” and inserting “electricity”,  
9           and

10           (2) in subparagraph (B)(ii) by striking “elec-  
11           tricity, natural gas,” and inserting “electricity”.

12           (d) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to taxable years beginning after  
14 December 31, 2007.

15 **SEC. 103. 7-YEAR AMORTIZATION OF GEOLOGICAL AND**  
16 **GEOPHYSICAL EXPENDITURES FOR CERTAIN**  
17 **MAJOR INTEGRATED OIL COMPANIES.**

18           (a) IN GENERAL.—Subparagraph (A) of section  
19 167(h)(5) of the Internal Revenue Code of 1986 (relating  
20 to special rule for major integrated oil companies) is  
21 amended by striking “5-year” and inserting “7-year”.

22           (b) EFFECTIVE DATE.—The amendment made by  
23 this section shall apply to amounts paid or incurred after  
24 the date of the enactment of this Act.

1       **TITLE II—ROYALTIES UNDER**  
2       **OFFSHORE OIL AND GAS LEASES**

3       **SEC. 201. SHORT TITLE.**

4           This title may be cited as the “Royalty Relief for  
5 American Consumers Act of 2007”.

6       **SEC. 202. PRICE THRESHOLDS FOR ROYALTY SUSPENSION**  
7                               **PROVISIONS.**

8           The Secretary of the Interior shall agree to a request  
9 by any lessee to amend any lease issued for any Central  
10 and Western Gulf of Mexico tract during the period of  
11 January 1, 1998, through December 31, 1999, to incor-  
12 porate price thresholds applicable to royalty suspension  
13 provisions, that are equal to or less than the price thresh-  
14 olds described in clauses (v) through (vii) of section  
15 8(a)(3)(C) of the Outer Continental Shelf Lands Act (43  
16 U.S.C. 1337(a)(3)(C)). Any amended lease shall impose  
17 the new or revised price thresholds effective October 1,  
18 2006. Existing lease provisions shall prevail through Sep-  
19 tember 30, 2006.

20       **SEC. 203. CLARIFICATION OF AUTHORITY TO IMPOSE**  
21                               **PRICE THRESHOLDS FOR CERTAIN LEASE**  
22                               **SALES.**

23           Congress reaffirms the authority of the Secretary of  
24 the Interior under section 8(a)(1)(H) of the Outer Conti-  
25 nental Shelf Lands Act (43 U.S.C. 1337(a)(1)(H)) to

1 vary, based on the price of production from a lease, the  
2 suspension of royalties under any lease subject to section  
3 304 of the Outer Continental Shelf Deep Water Royalty  
4 Relief Act (Public Law 104–58; 43 U.S.C. 1337 note).

5 **SEC. 204. ELIGIBILITY FOR NEW LEASES AND THE TRANS-**  
6 **FER OF LEASES; CONSERVATION OF RE-**  
7 **SOURCES FEES.**

8 (a) ISSUANCE OF NEW LEASES.—

9 (1) IN GENERAL.—The Secretary shall not  
10 issue any new lease that authorizes the production  
11 of oil or natural gas in the Gulf of Mexico under the  
12 Outer Continental Shelf Lands Act (43 U.S.C. 1331  
13 et seq.) to a person described in paragraph (2) un-  
14 less—

15 (A) the person has renegotiated each cov-  
16 ered lease with respect to which the person is  
17 a lessee, to modify the payment responsibilities  
18 of the person to include price thresholds that  
19 are equal to or less than the price thresholds  
20 described in clauses (v) through (vii) of section  
21 8(a)(3)(C) of the Outer Continental Shelf  
22 Lands Act (43 U.S.C. 1337(a)(3)(C)); or

23 (B) the person has—

24 (i) paid all fees established by the  
25 Secretary under subsection (b) that are

1           due with respect to each covered lease for  
2           which the person is a lessee; or

3           (ii) entered into an agreement with  
4           the Secretary under which the person is  
5           obligated to pay such fees.

6           (2) PERSONS DESCRIBED.—A person referred  
7           to in paragraph (1) is a person that—

8           (A) is a lessee that—

9           (i) holds a covered lease on the date  
10          on which the Secretary considers the  
11          issuance of the new lease; or

12          (ii) was issued a covered lease before  
13          the date of enactment of this Act, but  
14          transferred the covered lease to another  
15          person or entity (including a subsidiary or  
16          affiliate of the lessee) after the date of en-  
17          actment of this Act; or

18          (B) any other person or entity who has  
19          any direct or indirect interest in, or who derives  
20          any benefit from, a covered lease;

21          (3) MULTIPLE LESSEES.—

22          (A) IN GENERAL.—For purposes of para-  
23          graph (1), if there are multiple lessees that own  
24          a share of a covered lease, the Secretary may  
25          implement separate agreements with any lessee

1 with a share of the covered lease that modifies  
2 the payment responsibilities with respect to the  
3 share of the lessee to include price thresholds  
4 that are equal to or less than the price thresh-  
5 olds described in clauses (v) through (vii) of  
6 section 8(a)(3)(C) of the Outer Continental  
7 Shelf Lands Act (43 U.S.C. 1337(a)(3)(C)).

8 (B) TREATMENT OF SHARE AS COVERED  
9 LEASE.—Beginning on the effective date of an  
10 agreement under subparagraph (A), any share  
11 subject to the agreement shall not constitute a  
12 covered lease with respect to any lessees that  
13 entered into the agreement.

14 (b) CONSERVATION OF RESOURCES FEES.—

15 (1) IN GENERAL.—Not later than 60 days after  
16 the date of enactment of this Act, the Secretary of  
17 the Interior by regulation shall establish—

18 (A) a conservation of resources fee for pro-  
19 ducing Federal oil and gas leases in the Gulf of  
20 Mexico; and

21 (B) a conservation of resources fee for  
22 nonproducing Federal oil and gas leases in the  
23 Gulf of Mexico.

24 (2) PRODUCING LEASE FEE TERMS.—The fee  
25 under paragraph (1)(A)—



1 (A) subject to subparagraph (C), shall  
2 apply to covered leases that are producing  
3 leases;

4 (B) shall be set at \$9 per barrel for oil and  
5 \$1.25 per million Btu for gas, respectively, in  
6 2005 dollars; and

7 (C) shall apply only to production of oil or  
8 gas occurring—

9 (i) in any calendar year in which the  
10 arithmetic average of the daily closing  
11 prices for light sweet crude oil on the New  
12 York Mercantile Exchange (NYMEX) ex-  
13 ceeds \$34.73 per barrel for oil and \$4.34  
14 per million Btu for gas in 2005 dollars;  
15 and

16 (ii) on or after October 1, 2006.

17 (3) NONPRODUCING LEASE FEE TERMS.—The  
18 fee under paragraph (1)(B)—

19 (A) subject to subparagraph (C), shall  
20 apply to leases that are nonproducing leases;

21 (B) shall be set at \$3.75 per acre per year  
22 in 2005 dollars; and

23 (C) shall apply on and after October 1,  
24 2006.

1           (4) TREATMENT OF RECEIPTS.—Amounts re-  
2           ceived by the United States as fees under this sub-  
3           section shall be treated as offsetting receipts.

4           (c) TRANSFERS.—A lessee or any other person who  
5           has any direct or indirect interest in, or who derives a  
6           benefit from, a lease shall not be eligible to obtain by sale  
7           or other transfer (including through a swap, spinoff, serv-  
8           icing, or other agreement) any covered lease, the economic  
9           benefit of any covered lease, or any other lease for the  
10          production of oil or natural gas in the Gulf of Mexico  
11          under the Outer Continental Shelf Lands Act (43 U.S.C.  
12          1331 et seq.), unless—

13           (1) the lessee or other person has—

14           (A) renegotiated all covered leases of the  
15           lessee or other person; and

16           (B) entered into an agreement with the  
17           Secretary to modify the terms of all covered  
18           leases of the lessee or other person to include  
19           limitations on royalty relief based on market  
20           prices that are equal to or less than the price  
21           thresholds described in clauses (v) through (vii)  
22           of section 8(a)(3)(C) of the Outer Continental  
23           Shelf Lands Act (43 U.S.C. 1337(a)(3)(C)); or

24           (2) the lessee or other person has—

1 (A) paid all fees established by the Sec-  
2 retary under subsection (b) that are due with  
3 respect to each covered lease for which the per-  
4 son is a lessee; or

5 (B) entered into an agreement with the  
6 Secretary under which the person is obligated  
7 to pay such fees.

8 (d) DEFINITIONS.—In this section—

9 (1) COVERED LEASE.—The term “covered  
10 lease” means a lease for oil or gas production in the  
11 Gulf of Mexico that is—

12 (A) in existence on the date of enactment  
13 of this Act;

14 (B) issued by the Department of the Inte-  
15 rior under section 304 of the Outer Continental  
16 Shelf Deep Water Royalty Relief Act (43  
17 U.S.C. 1337 note; Public Law 104–58); and

18 (C) not subject to limitations on royalty re-  
19 lief based on market price that are equal to or  
20 less than the price thresholds described in  
21 clauses (v) through (vii) of section 8(a)(3)(C) of  
22 the Outer Continental Shelf Lands Act (43  
23 U.S.C. 1337(a)(3)(C)).

1           (2) LESSEE.—The term “lessee” includes any  
2           person or other entity that controls, is controlled by,  
3           or is in or under common control with, a lessee.

4           (3) SECRETARY.—The term “Secretary” means  
5           the Secretary of the Interior.

6 **SEC. 205. REPEAL OF CERTAIN TAXPAYER SUBSIDIZED**  
7                           **ROYALTY RELIEF FOR THE OIL AND GAS IN-**  
8                           **DUSTRY.**

9           (a) REPEAL OF PROVISIONS OF ENERGY POLICY ACT  
10          OF 2005.—The following provisions of the Energy Policy  
11          Act of 2005 (Public Law 109–58) are repealed:

12                  (1) Section 344 (42 U.S.C. 15904; relating to  
13                  incentives for natural gas production from deep wells  
14                  in shallow waters of the Gulf of Mexico).

15                  (2) Section 345 (42 U.S.C. 15905; relating to  
16                  royalty relief for deep water production in the Gulf  
17                  of Mexico).

18                  (3) Subsection (i) of section 365 (42 U.S.C.  
19                  15924; relating to the prohibition on drilling-related  
20                  permit application cost recovery fees).

21          (b) PROVISIONS RELATING TO PLANNING AREAS  
22          OFFSHORE ALASKA.—Section 8(a)(3)(B) of the Outer  
23          Continental Shelf Lands Act (43 U.S.C. 1337(a)(3)(B))  
24          is amended by striking “and in the Planning Areas off-  
25          shore Alaska” after “West longitude”.

1 (c) PROVISIONS RELATING TO NAVAL PETROLEUM  
 2 RESERVE IN ALASKA.—Section 107 of the Naval Petro-  
 3 leum Reserves Production Act of 1976 (as transferred, re-  
 4 designated, moved, and amended by section 347 of the En-  
 5 ergy Policy Act of 2005 (119 Stat. 704)) is amended—

6 (1) in subsection (i) by striking paragraphs (2)  
 7 through (6); and

8 (2) by striking subsection (k).

9 **TITLE III—STRATEGIC ENERGY**  
 10 **EFFICIENCY AND RENEW-**  
 11 **ABLES RESERVE**

12 **SEC. 301. STRATEGIC ENERGY EFFICIENCY AND RENEW-**  
 13 **ABLES RESERVE FOR INVESTMENTS IN RE-**  
 14 **NEWABLE ENERGY AND ENERGY EFFI-**  
 15 **CIENCY.**

16 (a) IN GENERAL.—For budgetary purposes, the addi-  
 17 tional Federal receipts by reason of the enactment of this  
 18 Act shall be held in a separate account to be known as  
 19 the “Strategic Energy Efficiency and Renewables Re-  
 20 serve”. The Strategic Energy Efficiency and Renewables  
 21 Reserve shall be available to offset the cost of subsequent  
 22 legislation—

23 (1) to accelerate the use of clean domestic re-  
 24 newable energy resources and alternative fuels;

1           (2) to promote the utilization of energy-efficient  
2 products and practices and conservation; and

3           (3) to increase research, development, and de-  
4 ployment of clean renewable energy and efficiency  
5 technologies.

6           (b) PROCEDURE FOR ADJUSTMENTS.—

7           (1) BUDGET COMMITTEE CHAIRMAN.—After the  
8 reporting of a bill or joint resolution, or the offering  
9 of an amendment thereto or the submission of a con-  
10 ference report thereon, providing funding for the  
11 purposes set forth in subsection (a) in excess of the  
12 amounts provided for those purposes for fiscal year  
13 2007, the chairman of the Committee on the Budget  
14 of the applicable House of Congress shall make the  
15 adjustments set forth in paragraph (2) for the  
16 amount of new budget authority and outlays in that  
17 measure and the outlays flowing from that budget  
18 authority.

19           (2) MATTERS TO BE ADJUSTED.—The adjust-  
20 ments referred to in paragraph (1) are to be made  
21 to—

22           (A) the discretionary spending limits, if  
23 any, set forth in the appropriate concurrent res-  
24 olution on the budget;

1           (B) the allocations made pursuant to the  
2           appropriate concurrent resolution on the budget  
3           pursuant to section 302(a) of the Congressional  
4           Budget Act of 1974; and

5           (C) the budget aggregates contained in the  
6           appropriate concurrent resolution on the budget  
7           as required by section 301(a) of the Congres-  
8           sional Budget Act of 1974.

9           (3) AMOUNTS OF ADJUSTMENTS.—The adjust-  
10          ments referred to in paragraphs (1) and (2) shall  
11          not exceed the receipts estimated by the Congres-  
12          sional Budget Office that are attributable to this Act  
13          for the fiscal year in which the adjustments are  
14          made.

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