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HOUSE OF REPRESENTATIVES

REPORT
115–1083

DOMESTIC OFFSHORE ENERGY REINVESTMENT ACT OF 2018

DECEMBER 19, 2018.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. BISHOP of Utah, from the Committee on Natural Resources, submitted the following

R E P O R T

together with

DISSENTING VIEWS

[To accompany H.R. 6771]

[Including cost estimate of the Congressional Budget Office]

The Committee on Natural Resources, to whom was referred the bill (H.R. 6771) to amend the Gulf of Mexico Energy Security Act of 2006, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Domestic Offshore Energy Reinvestment Act of 2018".

SEC. 2. AMENDMENTS TO THE GULF OF MEXICO ENERGY SECURITY ACT OF 2006.

(a) IN GENERAL.—Section 105(a) of the Gulf of Mexico Energy Security Act of 2006 (43 U.S.C. 1331 note) is amended—

(1) in paragraph (1), by striking "50" and inserting "37.5"; and

(2) in paragraph (2)—

(A) in the matter preceding subparagraph (A), by striking "50" and inserting "62.5";

(B) in subparagraph (A), by striking "75" and inserting "80"; and

(C) in subparagraph (B), by striking "25" and inserting "20".

(b) LIMITATIONS ON AUTHORIZED USES.—Section 105(d) of the Gulf of Mexico Energy Security Act of 2006 (43 U.S.C. 1331 note) is amended—

(1) in paragraph (1), by adding at the end the following:

"(F) Planning, engineering, design, construction, operations, and maintenance of one or more projects that are specifically authorized by any other

Act for ecosystem restoration, hurricane protection, or flood damage prevention."; and

(2) by striking paragraph (2) and inserting the following:

"(2) LIMITATION.—Of the amounts received by a Gulf producing State or coastal political subdivision under subsection (b)—

"(A) not more than 3 percent may be used for the purposes described in paragraph (1)(E); and

"(B) not less than 25 percent may be used for the purposes described in paragraph (1)(F), and shall be applied proportionally to the applicable Federal and non-Federal share pursuant to such specific project authorization.".

(c) REPEAL OF LIMITATION.—Section 105(f) of the Gulf of Mexico Energy Security Act of 2006 (43 U.S.C. 1331 note) is amended—

(1) by striking paragraph (1); and

(2) by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

SEC. 3. CONVEYANCE TO STATES OF PROPERTY INTEREST IN STATE SHARE OF ROYALTIES AND OTHER PAYMENTS.

(a) IN GENERAL.—Section 35 of the Mineral Leasing Act (30 U.S.C. 191) is amended—

(1) in the first sentence of subsection (a), by striking "shall be paid into the Treasury" and inserting "shall, except as provided in subsection (b), be paid into the Treasury";

(2) by striking subsection (b) and inserting the following:

"(b) CONVEYANCE TO STATES OF PROPERTY INTEREST IN STATE SHARE.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, on request of a State and in lieu of any payments to the State under subsection (a), the Secretary of the Interior shall convey to the State all right, title, and interest in and to the percentage specified in that subsection for that State of all amounts otherwise required to be paid into the Treasury under that subsection from sales, bonuses, royalties (including interest charges), and rentals for all public land or deposits located in the State.

"(2) AMOUNT.—Notwithstanding any other provision of law, after a conveyance to a State under paragraph (1), any person shall pay directly to the State any amount owed by the person for which the right, title, and interest has been conveyed to the State under this subsection.

"(3) NOTICE.—The Secretary of the Interior shall promptly provide to each holder of a lease of public land to which subsection (a) applies that are located in a State to which right, title, and interest is conveyed under this subsection notice that—

"(A) the Secretary of the Interior has conveyed to the State all right, title, and interest in and to the amounts referred to in paragraph (1); and

"(B) the leaseholder is required to pay the amounts directly to the State."; and

(3) in subsection (c)(1), by inserting "and except as provided in subsection (b)" before ", any rentals".

(b) CONFORMING AMENDMENTS.—

(1) Section 6(a) of the Mineral Leasing Act for Acquired Lands (30 U.S.C. 355(a)) is amended—

(A) in the first sentence, by striking "Subject to the provisions of section 35(b) of the Mineral Leasing Act (30 U.S.C. 191(b)), all" and inserting "All"; and

(B) in the second sentence, by striking "of the Act of February 25, 1920 (41 Stat. 450; 30 U.S.C. 191)" and inserting "of the Mineral Leasing Act (30 U.S.C. 191)".

(2) Section 20(a) of the Geothermal Steam Act of 1970 (30 U.S.C. 1019(a)) is amended in the matter preceding paragraph (1), in the second sentence, by striking "the provisions of subsection (b) of section 35 of the Mineral Leasing Act (30 U.S.C. 191(b)) and".

(3) Section 205(f) of the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. 1735(f)) is amended by striking the fourth, fifth, and sixth sentences.

PURPOSE OF THE BILL

The purpose of H.R. 6771 is to amend the Gulf of Mexico Energy Security Act of 2006.

BACKGROUND AND NEED FOR LEGISLATION

For decades, the Gulf of Mexico coast has served as the home for one of the most prolific oil and gas basins in the world. In 2017 alone, it averaged nearly 1.7 million barrels of oil per day, resulting in $3.8 billion in revenue to the U.S. Treasury.[1] Coupled with the millions of barrels imported and exported through the Texas port districts of Port Arthur and Houston-Galveston, Gulf coast oil and gas operations play a key role in the economic health of this country.[2]

Despite the national and international importance of this region, the Gulf coastline faces an environmental crisis, precipitated by river control systems, severe weather, and hydrocarbon infrastructure development. H.R. 6771, the Domestic Offshore Energy Reinvestment Act of 2018, will increase revenues shared with Gulf States to restore the health of the Gulf coast and support the offshore energy industry into the future.

Gulf communities must contend with mounting environmental and infrastructure vulnerabilities. These vulnerabilities, as highlighted by the 2005 hurricane season, are constantly stressed by land subsidence and major storm events. If left unchecked, land loss and storm damage threaten up to $136 billion in economic activity,[3] and could result in the exposure of 610 miles of pipeline by 2040.[4] Although thick swamp, natural marshland, and barrier islands collectively absorb severe flooding and storm surges, human engineering has resulted in the weakening of these systems.[5]

In 2006, Congress recognized the needs of the Gulf by enacting the Gulf of Mexico Energy Security Act of 2006 (GOMESA, Public Law 109–432),[6] which established a revenue sharing program for the Gulf energy-producing States of Texas, Louisiana, Mississippi, and Alabama. Under GOMESA, revenues shared with the Gulf producing States must be used for coastal restoration and related purposes. Louisiana has taken this mandate even further, dedicating all GOMESA revenues towards coastal restoration, to be performed by the State's Coastal Protection and Restoration Authority (CPRA).[7] According to the CPRA Master Plan, $17.7 billion will be dedicated towards marsh creation, $19 billion towards structural reinforcements, and $5.1 billion towards sediment diversion.[8] Louisiana planned on GOMESA serving as the long-term funding

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[1] U.S. Department of the Interior, Office of Natural Resource Revenue, Natural Resources Revenue Data, Explore Data—Gulf of Mexico (https://revenuedata.doi.gov/explore/offshore-gulf/).

[2] George, Rebecca. "The port district of Houston-Galveston became a net exporter of crude oil in April." U.S. Energy Information Administration. Aug 20, 2018. (https://www.eia.gov/todayinenergy/detail.php?id=36932).

[3] "*Louisiana fights the sea, and loses*," The Economist, Aug 26, 2017 (https://www.economist.com/news/united-states/21727099-has-lessons-americas-climate-change-policy-louisiana-fights-sea-and-loses).

[4] "*Economic Evaluation of Coastal Land Loss in Louisiana*," Louisiana State University—E.J. Ourso College of Business, Dec 2015 (http://coastal.la.gov/wp-content/uploads/2015/12/LSU-Rand_Report_on_Economics_of_Land_Loss-2.pdf), p.33.

[5] "*Louisiana's Comprehensive Master Plan for a Sustainable Coast*." Coastal Protection and Restoration Authority of Louisiana, State of Louisiana. P. ES–2. June 2, 2017. (http://coastal.la.gov/wp-content/uploads/2017/04/2017-Coastal-Master-Plan_Web-Single-Page_CFinal-with-Effective-Date-06092017.pdf).

[6] 43 U.S.C. 1331 note.

[7] "Coastal Protection and Restoration Authority Gulf of Mexico Energy Security Act- Infrastructure Funding Program", (http://coastal.la.gov/wp-content/uploads/2016/08/Final-GOMESA-Infrastructure-Process.pdf).

[8] *Supra* note *5.P.* ES–16.

mechanism for the lion's share of coastal restoration,[9] but due to the nature of qualified revenues under GOMESA, it has served as an unreliable source of revenue.

GOMESA requires 37.5% of all qualified Gulf revenues to be directed to the four States in accordance with a formula based on OCS lease block distance from each State's coast. The qualifications for revenue disbursements are associated with two phases under GOMESA. Phase I, which began in fiscal year 2007, limited disbursements to revenues generated by select leases. Phase II, which began in fiscal year 2017, expands the definition of revenues eligible for disbursement to include all revenues generated by leases issued after 2006.[10] Consequently while Gulf States received only minor disbursements under Phase I, Phase II is anticipated to produce much larger revenues to the Gulf States.[11]

Additionally, GOMESA directs 12.5% of those qualified offshore revenues to the Land and Water Conservation Fund (LWCF, 54 U.S.C. 200301 et seq.) to be used for State recreation programs by all 50 States. It should be noted that the $900 million annual authorization level of the LWCF Fund is met almost exclusively by offshore energy revenues, and the GOMESA monies are on top of the $900 million annual authorization.[12] Unlike other monies in the LWCF, the GOMESA money is not subject to appropriation.[13]

The Outer Continental Shelf Lands Act (OCSLA, 43 U.S.C. 1331 et seq.) governs the management of the minerals within federal offshore territory. However, unlike this statute's onshore equivalent, the Minerals Leasing Act (MLA, 30 U.S.C. 181 et seq.), OCSLA did not establish a revenue-sharing scheme for mineral revenues to affected States. Under the MLA, 50% of revenues generated from hydrocarbon production are shared with the producing State.[14] Due to the phase-ins and statutory caps of GOMESA (and the lack of a historic revenue sharing structure under OCSLA), a disparity exists between the revenues received by States for onshore production and offshore production.[15]

Furthermore, payments under GOMESA to Gulf producing States and LWCF are currently capped at $500 million per year.[16] Therefore, Gulf producing States are only eligible to receive up to $375 million per year, split among the four Gulf producing States, with the remaining $125 million disbursed to LWCF. Although GOMESA disbursements have not remotely approached the levels envisioned by the cap, there have been numerous legislative efforts to raise or eliminate these caps to establish parity with the onshore revenue sharing structure.

[9] *Id.*, p.128.
[10] Bureau of Ocean Energy Management, Gulf of Mexico Energy Security Act (GOMESA), (https://www.boem.gov/Revenue-Sharing/).
[11] "*States get $188 million as GOMESA revenue-sharing enters 2nd phase.*" Oil & Gas Journal. May 8, 2018. (https://www.ogj.com/articles/print/volume-116/issue-5/general-interest/states-get-188-million-as-gomesa-revenue-sharing-enters-2nd-phase.html).
[12] Hardy-Vincent, Carol, *"Land and Water Conservation Fund: Overview, Funding History, and Issues*," Sep 6, 2016 (http://www.crs.gov/Reports/RL33531?source=search&guid=995b8347d35543cba6a9650d2f3da87b&index=2).
[13] GOMESA, Sec. 105(e).
[14] 30 U.S.C. 191.
[15] The Department of the Interior, Office of Natural Resource Revenue, "*Analysis of NR disbursements FY2003–2017"; Comay, Laura, "Louisiana FY2017 OCS Revenues*" Email Correspondence, Apr 20, 2018.
[16] *Public Law* 109–432.

With so much offshore revenue directed away from the coast, ongoing restoration projects are severely threatened. Amending GOMESA's revenue sharing structure to increase support to producing States will ensure the long-term health of the Gulf and will help secure this critical federal income stream into the future.

SECTION-BY-SECTION ANALYSIS OF THE BILL AS ORDERED REPORTED

Section 2. Amendments to the Gulf of Mexico Energy Security Act of 2006

- Amends GOMESA to increase the percentage of revenues shared with Gulf producing States from 50% to 62.5%.
- Preserves the allocation of 12.5% of qualified revenues to the Land and Water Conservation Fund.
- Expands authorized uses of shared revenues to include the design and planning of ecosystem restoration, hurricane protection, or flood damage prevention.
- Requires not less than 25% of revenues shared be dedicated towards planning, engineering, design, construction, operations, and maintenance of one or more projects that are specifically authorized by any other Acts for ecosystem restoration, hurricane protection, or flood damage prevention.
- Eliminates the cap on revenues distributed to Gulf producing States and LWCF.

Section 3. Conveyance to States of property interest in State share of royalties and other payments

- Amends the MLA to allow the Secretary of the Interior to convey a property interest in the revenues that States are allocated under the MLA from onshore oil and gas development.
- If the property interest is conveyed to the State, then the holder of a lease will pay the amount owed directly to the State, rather than to the Secretary for distribution to the State.
- The intent behind this provision is to eliminate the need for administrative costs to be deducted by the Secretary before the State share is distributed.

COMMITTEE ACTION

H.R. 6771 was introduced on September 12, 2018, by Congressman Garret Graves (R–LA). The bill was referred to the Committee on Natural Resources. On September 13, 2018, the Natural Resources Committee met to consider the bill. Congressman Raul M. Grijalva (D–AZ) offered an amendment designated #1; it was not adopted by voice vote. Congresswoman Liz Cheney (R–WY) offered an amendment designated 083; it was adopted by voice vote. No amendments further were offered, and the bill, as amended, was ordered favorably reported to the House of Representatives by voice vote.

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Natural Resources' oversight findings and recommendations are reflected in the body of this report.

Compliance With House Rule XIII and Congressional Budget Act

1. Cost of Legislation and the Congressional Budget Act. With respect to the requirements of clause 3(c)(2) and (3) of rule XIII of the Rules of the House of Representatives and sections 308(a) and 402 of the Congressional Budget Act of 1974, the Committee has received the following estimate for the bill from the Director of the Congressional Budget Office:

U.S. Congress,
Congressional Budget Office,
Washington, DC, December 17, 2018.

Hon. Rob Bishop,
Chairman, Committee on Natural Resources,
House of Representatives, Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 6771, the Domestic Offshore Energy Reinvestment Act of 2018.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Kathleen Gramp.

Sincerely,

Keith Hall,
Director.

Enclosure.

H.R. 6771—Domestic Offshore Energy Reinvestment Act of 2018

Summary: H.R. 6771 would change the disposition of the proceeds from federal oil and gas leases in the Outer Continental Shelf (OCS) and other federal lands. Under the Gulf of Mexico Energy Security Act of 2006, half of the proceeds from OCS leases issued after 2006 are deposited in the Treasury and the remainder is available for spending without further appropriation, subject to annual caps on spending that expire after 2055. This bill would repeal the annual spending limits and would increase the portion of OCS receipts available for spending to 62.5 percent. In addition, the bill would increase the share of proceeds paid to states from onshore mineral leases from 49 percent to 50 percent.

CBO estimates that enacting H.R. 6771 would increase direct spending by $2.5 billion over the 2019–2028 period, largely as a result of provisions increasing the portion of OCS receipts that could be spent without further appropriation.

Because enacting H.R. 6771 would affect direct spending, pay-as-you-go procedures apply. The bill would not affect revenues.

CBO estimates that enacting H.R. 6771 would increase net direct spending and on-budget deficits by more than $5 billion in each of the four consecutive 10-year periods beginning in 2029.

H.R. 6771 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would benefit states by increasing the share of proceeds they receive from oil and gas production in the OCS and other federal lands.

Estimated cost to the Federal Government: The estimated budgetary effect of H.R. 6771 is shown in the following table. The costs of the legislation fall within budget functions 300 (natural resources and the environment) and 800 (general government).

	By fiscal year, in millions of dollars—											
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019–2023	2019–2028
INCREASES IN DIRECT SPENDING [a]												
Outer Continental Shelf Oil and Gas Receipts												
Estimated Budget Authority	0	50	130	145	190	190	230	315	400	575	515	2,225
Estimated Outlays	0	60	130	140	175	180	220	295	375	530	505	2,105
Onshore Oil and Gas Receipts												
Estimated Budget Authority	24	32	33	34	35	36	37	38	38	38	158	345
Estimated Outlays	24	32	33	34	35	36	37	38	38	38	158	345
Total.												
Estimated Budget Authority	24	82	163	179	225	226	267	353	438	613	673	2,570
Estimated Outlays	24	92	163	174	210	216	257	333	413	568	663	2,450

a. H.R. 6771 would increase the portion of receipts paid to states. Because those payment are disbursed more quickly than payments from the Land and Water Conservation Fund, the net effect of the bill on outlays in 2020 is estimated to be larger than the net change in budget authority.

Basis of estimate: CBO estimates that enacting H.R. 6771 would increase direct spending by $2.5 billion over the 2019–2028 period, with $2.1 billion of that cost stemming from provisions that would increase the portion of OCS receipts that could be spent without further appropriation. For this estimate, CBO assumes the legislation will be enacted by the end of 2018.

Outer Continental Shelf Oil and Gas Receipts

Federally owned oil and gas resources are developed under a system of leasing that requires companies to pay bonus bids when leases are issued, annual rental payments on nonproducing leases, and royalty payments based on the value of any oil and gas production. Those payments are recorded in the budget as offsetting receipts or as reduction in direct spending. Under current law, 50 percent of the offsetting receipts from leases issued after 2006 in the Central and Western Gulf of Mexico are paid to certain states and spent by the Land and Water Conservation Fund (LWCF) without further appropriation, subject to certain limits. CBO estimates that such spending will total $4.8 billion over the 2019–2028 period, reflecting provisions in current law that generally cap total spending at $500 million a year through 2055.[1]

H.R. 6771 would increase such spending by repealing the caps on annual spending and by increasing the portion that may be paid to certain states and spent by the LWCF from 50 percent to 62.5 percent. The bill also would change the share of the proceeds allocated to states and the LWCF.

Under the technical and economic assumptions in the April 2018 baseline, CBO projects that offsetting receipts from oil and gas leases in the OCS will total about $52 billion over the 2019–2028 period. CBO estimates that the receipts attributable to post-2006 leases will equal roughly 25 percent of the total over the next 10

[1] There are some statutory exceptions to the $500 million limit on annual spending. The cap on the spending of proceeds from post-2006 leases is $650 million in each of the years 2020 and 2021. In addition, spending of receipts from two specific geographic areas is exempt from the annual caps.

years, as more projects produce oil and gas and pay additional royalties.[2]

Because payments derived from OCS leases are made the year after income is collected, CBO expects that the new formulas in the bill would apply to receipts accrued from January, 2019 through the end of fiscal year 2027. After adjusting for the timing of payments to states and spending patterns of the LWCF program, CBO estimates that enacting H.R. 6771 would increase direct spending of OCS receipts by $2.1 billion over the 2019–2028 period.

Onshore Oil and Gas Receipts

Under the Mineral Leasing Act, states receive 49 percent of all royalties, rents, and bonus bids from onshore mineral leases. Those payments are made on a monthly basis and in the same year that the receipts are collected. H.R. 6771 would direct the Department of the Interior to convey to states an additional 1 percent of those receipts upon request by a state. CBO expects that all states would request that additional payment upon enactment. Using CBO's April 2018 baseline estimates of receipts from onshore oil and gas leases, we estimate that implementing the provision would increase direct spending by $345 million over the 2019–2028 period.

Uncertainty: In estimating the effects of H.R. 6771, CBO had to account for several sources of uncertainty:

- CBO does not know how much oil and gas will be produced from OCS leases issued after 2006. Spending could be higher or lower than estimated depending the technical and economic characteristics of each parcel.
- CBO cannot predict the timing of bonus payments or royalties from leases issued after 2006, which depend on investment decisions made by private companies. Differences in the timing of payments could affect the years in which costs are incurred.
- CBO cannot predict future oil or gas prices, which affect royalties and bonus payments for both offshore and onshore leases. Differences between estimated and actual prices would have a corresponding effect on the cost of the legislation.

Pay-As-You-Go Considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

[2] By comparison, CBO estimates that leases issued after 2006 accounted for about 17 percent of the OCS receipts collected over the previous 10-year period. CBO expects that the share of receipts attributable to those leases will increase in the future, because most of the production from OCS leases occurs more than 10 years after the parcel is leased. For more information, see Congressional Budget Office, *Options for increasing Federal Income from crude Oil and Natural Gas on Federal Land,* (April, 2016), www.cbo.gov/publication/51421.

CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR H.R. 6771, THE DOMESTIC OFFSHORE ENERGY REINVESTMENT ACT OF 2018, AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON NATURAL RESOURCES ON SEPTEMBER 13, 2018.

	By fiscal year, in millions of dollars—											
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019–2023	2019–2028
	NET INCREASE IN THE DEFICIT											
Statutory Pay-As-You-Go Effect	24	92	163	174	210	216	257	333	413	568	663	2,450

Increase in long-term direct spending and deficits: CBO estimates that enacting H.R. 6771 would increase net direct spending and on-budget deficits by more than $5 billion in each of the four consecutive 10-year periods beginning in 2029.

Mandates: H.R. 6771 contains no intergovernmental or private-sector mandates as defined in UMRA. The bill would benefit states—primarily those along the Gulf Coast—by increasing the share of proceeds they receive from oil and gas production in the OCS and from other federal lands. Over the 2019–2028 period, CBO estimates those states would receive about $2.5 billion more in proceeds, relative to current law, as a result of the legislation. Most of that amount would come from increasing the share of production proceeds, but states would also receive a small portion of those proceeds in the form of federal grants through the Land and Water Conservation Fund.

Estimate prepared by: Federal Costs: Kathleen Gramp and Janani Shankaran; Mandates: Jon Sperl.

Estimate reviewed by: Kim P. Cawley, Unit Chief, Natural Resources Cost Estimate Unit; H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

2. General Performance Goals and Objectives. As required by clause 3(c)(4) of rule XIII, the general performance goal or objective of this bill is to amend the Gulf of Mexico Energy Security Act of 2006.

EARMARK STATEMENT

This bill does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined under clause 9(e), 9(f), and 9(g) of rule XXI of the Rules of the House of Representatives.

COMPLIANCE WITH PUBLIC LAW 104–4

This bill contains no unfunded mandates.

COMPLIANCE WITH H. RES. 5

Directed Rule Making. This bill does not contain any directed rule makings.

Duplication of Existing Programs. This bill does not establish or reauthorize a program of the federal government known to be duplicative of another program. Such program was not included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139 or identified in the most recent Catalog of Federal Domestic Assistance published pursuant to the Federal Program Information Act (Public Law 95–220, as amended by Public Law 98–169) as relating to other programs.

PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

This bill is not intended to preempt any State, local or tribal law.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

GULF OF MEXICO ENERGY SECURITY ACT OF 2006

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DIVISION C—OTHER PROVISIONS

TITLE I—GULF OF MEXICO ENERGY SECURITY

* * * * * * *

SEC. 105. DISPOSITION OF QUALIFIED OUTER CONTINENTAL SHELF REVENUES FROM 181 AREA, 181 SOUTH AREA, AND 2002-2007 PLANNING AREAS OF GULF OF MEXICO.

(a) IN GENERAL.—Notwithstanding section 9 of the Outer Continental Shelf Lands Act (43 U.S.C. 1338) and subject to the other provisions of this section, for each applicable fiscal year, the Secretary of the Treasury shall deposit—

(1) ⟦50⟧ *37.5* percent of qualified outer Continental Shelf revenues in the general fund of the Treasury; and

(2) ⟦50⟧ *62.5* percent of qualified outer Continental Shelf revenues in a special account in the Treasury from which the Secretary shall disburse—

(A) ⟦75⟧ *80* percent to Gulf producing States in accordance with subsection (b); and

(B) ⟦25⟧ *20* percent to provide financial assistance to States in accordance with section 200305 of title 54, UnitedStates Code, which shall be considered income to the Land and Water Conservation Fund for purposes of section 200302 of that title.

(b) ALLOCATION AMONG GULF PRODUCING STATES AND COASTAL POLITICAL SUBDIVISIONS.—

(1) ALLOCATION AMONG GULF PRODUCING STATES FOR FISCAL YEARS 2007 THROUGH 2016.—

(A) IN GENERAL.—Subject to subparagraph (B), effective for each of fiscal years 2007 through 2016, the amount made available under subsection (a)(2)(A) shall be allocated to each Gulf producing State in amounts (based on a formula established by the Secretary by regulation) that are inversely proportional to the respective distances between the point on the coastline of each Gulf producing State that is closest to the geographic center of the applicable leased tract and the geographic center of the leased tract.

(B) MINIMUM ALLOCATION.—The amount allocated to a Gulf producing State each fiscal year under subparagraph (A) shall be at least 10 percent of the amounts available under subsection (a)(2)(A).

(2) ALLOCATION AMONG GULF PRODUCING STATES FOR FISCAL YEAR 2017 AND THEREAFTER.—

(A) IN GENERAL.—Subject to subparagraphs (B) and (C), effective for fiscal year 2017 and each fiscal year thereafter—

(i) the amount made available under subsection (a)(2)(A) from any lease entered into within the 181 Area or the 181 South Area shall be allocated to each Gulf producing State in amounts (based on a formula established by the Secretary by regulation) that are inversely proportional to the respective distances between the point on the coastline of each Gulf producing State that is closest to the geographic center of the applicable leased tract and the geographic center of the leased tract; and

(ii) the amount made available under subsection (a)(2)(A) from any lease entered into within the 2002-2007 planning area shall be allocated to each Gulf producing State in amounts that are inversely proportional to the respective distances between the point on the coastline of each Gulf producing State that is closest to the geographic center of each historical lease site and the geographic center of the historical lease site, as determined by the Secretary.

(B) MINIMUM ALLOCATION.—The amount allocated to a Gulf producing State each fiscal year under subparagraph (A) shall be at least 10 percent of the amounts available under subsection (a)(2)(A).

(C) HISTORICAL LEASE SITES.—

(i) IN GENERAL.—Subject to clause (ii), for purposes of subparagraph (A)(ii), the historical lease sites in the 2002-2007 planning area shall include all leases entered into by the Secretary for an area in the Gulf of Mexico during the period beginning on October 1, 1982 (or an earlier date if practicable, as determined by the Secretary), and ending on December 31, 2015.

(ii) ADJUSTMENT.—Effective January 1, 2022, and every 5 years thereafter, the ending date described in clause (i) shall be extended for an additional 5 calendar years.

(3) PAYMENTS TO COASTAL POLITICAL SUBDIVISIONS.—

(A) IN GENERAL.—The Secretary shall pay 20 percent of the allocable share of each Gulf producing State, as determined under paragraphs (1) and (2), to the coastal political subdivisions of the Gulf producing State.

(B) ALLOCATION.—The amount paid by the Secretary to coastal political subdivisions shall be allocated to each coastal political subdivision in accordance with subparagraphs (B), (C), and (E) of section 31(b)(4) of the Outer Continental Shelf Lands Act (43 U.S.C. 1356a(b)(4)).

(c) TIMING.—The amounts required to be deposited under paragraph (2) of subsection (a) for the applicable fiscal year shall be made available in accordance with that paragraph during the fiscal year immediately following the applicable fiscal year.

(d) AUTHORIZED USES.—

(1) IN GENERAL.—Subject to paragraph (2), each Gulf producing State and coastal political subdivision shall use all amounts received under subsection (b) in accordance with all applicable Federal and State laws, only for 1 or more of the following purposes:

(A) Projects and activities for the purposes of coastal protection, including conservation, coastal restoration, hurricane protection, and infrastructure directly affected by coastal wetland losses.

(B) Mitigation of damage to fish, wildlife, or natural resources.

(C) Implementation of a federally-approved marine, coastal, or comprehensive conservation management plan.

(D) Mitigation of the impact of outer Continental Shelf activities through the funding of onshore infrastructure projects.

(E) Planning assistance and the administrative costs of complying with this section.

(F) Planning, engineering, design, construction, operations, and maintenance of one or more projects that are specifically authorized by any other Act for ecosystem restoration, hurricane protection, or flood damage prevention.

⟦(2) LIMITATION.—Not more than 3 percent of amounts received by a Gulf producing State or coastal political subdivision under subsection (b) may be used for the purposes described in paragraph (1)(E).⟧

(2) LIMITATION.—Of the amounts received by a Gulf producing State or coastal political subdivision under subsection (b)—

(A) not more than 3 percent may be used for the purposes described in paragraph (1)(E); and

(B) not less than 25 percent may be used for the purposes described in paragraph (1)(F), and shall be applied proportionally to the applicable Federal and non-Federal share pursuant to such specific project authorization.

(e) ADMINISTRATION.—Amounts made available under subsection (a)(2) shall—

(1) be made available, without further appropriation, in accordance with this section;

(2) remain available until expended; and

(3) be in addition to any amounts appropriated under—

(A) the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.);

(B) chapter 2003 of title 54, United States Code; or

(C) any other provision of law.

(f) LIMITATIONS ON AMOUNT OF DISTRIBUTED QUALIFIED OUTER CONTINENTAL SHELF REVENUES.—

⟦(1) IN GENERAL.—Subject to paragraph (2), the total amount of qualified outer Continental Shelf revenues made available under subsection (a)(2) shall not exceed—

⟦(A) $500,000,000 for each of fiscal years 2016 through2019;

⟦(B) $650,000,000 for each of fiscal years 2020 and2021; and

⟦(C) $500,000,000 for each of fiscal years 2022 through2055.

⟦(2)⟧ *(1)* EXPENDITURES.—For the purpose of paragraph (1), for each of fiscal years 2016 through 2055, expenditures under subsection (a)(2) shall be net of receipts from that fiscal year from any area in the 181 Area in the Eastern Planning Area and the 181 South Area.

⟦(3)⟧ *(2)* PRO RATA REDUCTIONS.—If paragraph (1) limits the amount of qualified outer Continental Shelf revenue that would be paid under subparagraphs (A) and (B) of subsection (a)(2)—

(A) the Secretary shall reduce the amount of qualified outer Continental Shelf revenue provided to each recipient on a pro rata basis; and

(B) any remainder of the qualified outer Continental Shelf revenues shall revert to the general fund of the Treasury.

MINERAL LEASING ACT

* * * * * * *

SEC. 35. (a) All money received from sales, bonuses, royalties including interest charges collected under the Federal Oil and Gas Royalty Management Act of 1982, and rentals of the public lands under the provisions of this Act and the Geothermal Steam Act of 1970, ⟦shall be paid into the Treasury⟧ *shall, except as provided in subsection (b), be paid into the Treasury* of the United States; 50 per centum thereof shall be paid by the Secretary of the Treasury to the State other than Alaska within the boundaries of which the leased lands or deposits are or were located; said moneys paid to any of such States on or after January 1, 1976, to be used by such State and its subdivisions, as the legislature of the State may direct giving priority to those subdivisions of the State socially or economically impacted by development of minerals leased under this Act, for (i) planning, (ii) construction and maintenance of public facilities, and (iii) provision of public service; and excepting those from Alaska, 40 per centum thereof shall be paid into, reserved, appropriated, as part of the reclamation fund created by the Act of Congress known as the Reclamation Act, approved June 17, 1902, and of those from Alaska as soon as practicable after March 31 and September 30 of each year, 90 per centum thereof shall be paid to the State of Alaska for disposition by the legislature thereof: *Provided,* That all moneys which may accrue to the United States under the provisions of this Act and the Geothermal Steam Act of 1970 from lands within the naval petroleum reserves shall be deposited in the Treasury as "miscellaneous receipts", as provided by section 8733(b) of title 10, United States Code. All moneys received under the provisions of this Act and the Geothermal Steam Act of 1970 not otherwise disposed of by this section shall be credited to miscellaneous receipts. Payments to States under this section with respect to any moneys received by the United States, shall be made not later than the last business day of the month in which such moneys are warranted by the United States Treasury to the Secretary as having been received, except for any portion of such moneys which is under challenge and placed in a suspense account pending resolution of a dispute. Such warrants shall be issued by the United States Treasury not later than 10 days after receipt of such moneys by the Treasury. Moneys placed in a suspense account which are determined to be payable to a State shall be made not later than the last business day of the month in which such dispute is resolved. Any such amount placed in a suspense account pending resolution shall bear interest until the dispute is resolved.

[(b) DEDUCTION FOR ADMINISTRATIVE COSTS.—In determining the amount of payments to the States under this section, beginning in fiscal year 2014 and for each year thereafter, the amount of such payments shall be reduced by 2 percent for any administrative or other costs incurred by the United States in carrying out the program authorized by this Act, and the amount of such reduction shall be deposited to miscellaneous receipts of the Treasury.]

(b) CONVEYANCE TO STATES OF PROPERTY INTEREST IN STATE SHARE.—

(1) IN GENERAL.—Notwithstanding any other provision of law, on request of a State and in lieu of any payments to the State under subsection (a), the Secretary of the Interior shall convey to the State all right, title, and interest in and to the percentage specified in that subsection for that State of all amounts otherwise required to be paid into the Treasury under that subsection from sales, bonuses, royalties (including interest charges), and rentals for all public land or deposits located in the State.

(2) AMOUNT.—Notwithstanding any other provision of law, after a conveyance to a State under paragraph (1), any person shall pay directly to the State any amount owed by the person for which the right, title, and interest has been conveyed to the State under this subsection.

(3) NOTICE.—The Secretary of the Interior shall promptly provide to each holder of a lease of public land to which subsection (a) applies that are located in a State to which right, title, and interest is conveyed under this subsection notice that—

(A) the Secretary of the Interior has conveyed to the State all right, title, and interest in and to the amounts referred to in paragraph (1); and

(B) the leaseholder is required to pay the amounts directly to the State.

(c)(1) Notwithstanding the first sentence of subsection (a) *and except as provided in subsection (b)*, any rentals received from leases in any State (other than the State of Alaska) on or after the date of enactment of this subsection shall be deposited in the Treasury, to be allocated in accordance with paragraph (2).

(2) Of the amounts deposited in the Treasury under paragraph (1)—

(A) 50 percent shall be paid by the Secretary of the Treasury to the State within the boundaries of which the leased land is located or the deposits were derived; and

(B) 50 percent shall be deposited in a special fund in the Treasury, to be known as the "BLM Permit Processing Improvement Fund" (referred to in this subsection as the "Fund").

(3) USE OF FUND.—

(A) IN GENERAL.—The Fund shall be available to the Secretary of the Interior for expenditure, without further appropriation and without fiscal year limitation, for the coordination and processing of oil and gas use authorizations on onshore Federal and Indian trust mineral estate land.

(B) ACCOUNTS.—The Secretary shall divide the Fund into—

(i) a Rental Account (referred to in this subsection as the "Rental Account") comprised of rental receipts collected under this section; and

(ii) a Fee Account (referred to in this subsection as the "Fee Account") comprised of fees collected under subsection (d).

(4) RENTAL ACCOUNT.—

(A) IN GENERAL.—The Secretary shall use the Rental Account for—

(i) the coordination and processing of oil and gas use authorizations on onshore Federal and Indian trust mineral estate land under the jurisdiction of the Project offices identified under section 365(d) of the Energy Policy Act of 2005 (42 U.S.C. 15924(d)); and

(ii) training programs for development of expertise related to coordinating and processing oil and gas use authorizations.

(B) ALLOCATION.—In determining the allocation of the Rental Account among Project offices for a fiscal year, the Secretary shall consider—

(i) the number of applications for permit to drill received in a Project office during the previous fiscal year;

(ii) the backlog of applications described in clause (i) in a Project office;

(iii) publicly available industry forecasts for development of oil and gas resources under the jurisdiction of a Project office; and

(iv) any opportunities for partnership with local industry organizations and educational institutions in developing training programs to facilitate the coordination and processing of oil and gas use authorizations.

(5) FEE ACCOUNT.—

(A) IN GENERAL.—The Secretary shall use the Fee Account for the coordination and processing of oil and gas use authorizations on onshore Federal and Indian trust mineral estate land.

(B) ALLOCATION.—The Secretary shall transfer not less than 75 percent of the revenues collected by an office for the processing of applications for permits to the State office of the State in which the fees were collected.

(d), BLM OIL AND GAS PERMIT PROCESSING FEE.—

(1) IN GENERAL.—Notwithstanding any other provision of law, for each of fiscal years 2016 through 2026, the Secretary, acting through the Director of the Bureau of Land Management, shall collect a fee for each new application for a permit to drill that is submitted to the Secretary.

(2) AMOUNT.—The amount of the fee shall be $9,500 for each new application, as indexed for United States dollar inflation from October 1, 2015 (as measured by the Consumer Price Index).

(3) USE.—Of the fees collected under this subsection for a fiscal year, the Secretary shall transfer—

(A) for each of fiscal years 2016 through 2019—

(i) 15 percent to the field offices that collected the fees and used to process protests, leases, and permits under this Act, subject to appropriation; and

(ii) 85 percent to the BLM Permit Processing Improvement Fund established under subsection (c)(2)(B) (referred to in this subsection as the "Fund"); and

(B) for each of fiscal years 2020 through 2026, all of the fees to the Fund.

(4) ADDITIONAL COSTS.—During each of fiscal years of 2016 through 2026, the Secretary shall not implement a rulemaking that would enable an increase in fees to recover additional costs related to processing applications for permits to drill.

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MINERAL LEASING ACT FOR ACQUIRED LANDS

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SEC. 6. (a) ⟦Subject to the provisions of section 35(b) of the Mineral Leasing Act (30 U.S.C. 191(b)), all⟧ *All* receipts derived from leases issued under the authority of this Act shall be paid into the same funds or accounts in the Treasury and shall be distributed in the same manner as prescribed for other receipts from the lands affected by the lease, the intention of this provision being that this Act shall not affect the distribution of receipts pursuant to legislation applicable to such lands: *Provided, however,* That receipts from leases or permits for minerals in lands set apart for Indian use, including lands the jurisdiction of which has been transferred to the Department of the Interior by the Executive order for Indian use, shall be deposited in a special fund in the Treasury until final disposition thereof by the Congress. Notwithstanding the preceding provisions of this section, all receipts derived from leases on lands acquired for military or naval purposes, except the naval petroleum reserves and national oil shale reserves, shall be paid into the Treasury of the United States and disposed of in the same manner as provided under section 35 ⟦of the Act of February 25, 1920 (41 Stat. 450; 30 U.S.C. 191)⟧ *of the Mineral Leasing Act (30 U.S.C. 191)*, in the case of receipts from sales, bonuses, royalties, and rentals of the public lands under that Act.

(b) Notwithstanding any other provision of law, any payment to a State under this section shall be made by the Secretary of the Interior and shall be made not later than the last business day of the month following the month in which such moneys or associated reports are received by the Secretary of the Interior, whichever is later. The preceding sentence shall also apply to any payment to a State derived from a lease for mineral resources issued by the Secretary of the Interior under the last paragraph under the heading "FOREST SERVICE." in the Act of March 4, 1917 (Chapter 179; 16 U.S.C. 520). The Secretary shall pay interest to a State on any amount not paid to the State within that time at the rate prescribed under section 111 of the Federal Oil and Gas Royalty Management Act of 1982 from the date payment was required to be made under this subsection until the date payment is made.

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GEOTHERMAL STEAM ACT OF 1970

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SEC. 20. DISPOSAL OF MONEYS FROM SALES, BONUSES, RENTALS, AND ROYALTIES.

(a) IN GENERAL.—Except with respect to lands in the State of Alaska, all monies received by the United States from sales, bonuses, rentals, and royalties under this Act shall be paid into the Treasury of the United States. Of amounts deposited under this subsection, subject to ⟦the provisions of subsection (b) of section 35 of the Mineral Leasing Act (30 U.S.C. 191(b)) and⟧ section 5(a)(2) of this Act—

(1) 50 percent shall be paid to the State within the boundaries of which the leased lands or geothermal resources are or were located; and

(2) 25 percent shall be paid to the county within the boundaries of which the leased lands or geothermal resources are or were located.

(b) USE OF PAYMENTS.—Amounts paid to a State or county under subsection (a) shall be used consistent with the terms of section 35 of the Mineral Leasing Act (30 U.S.C. 191).

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FEDERAL OIL AND GAS ROYALTY MANAGEMENT ACT OF 1982

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TITLE II—STATES AND INDIAN TRIBES

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SEC. 205. DELEGATION OF ROYALTY COLLECTIONS AND RELATED ACTIVITIES.

(a) Upon written request of any State, the Secretary is authorized to delegate, in accordance with the provisions of this section, all or part of the authorities and responsibilities of the Secretary under this Act to:

(1) conduct inspections, audits, and investigations;

(2) receive and process production and financial reports;

(3) correct erroneous report data;

(4) perform automated verification; and

(5) issue demands, subpoenas, and orders to perform restructured accounting, for royalty management enforcement purposes,

to any State with respect to all Federal land within the State.

(b) After notice and opportunity for a hearing, the Secretary is authorized to delegate such authorities and responsibilities granted under this section as the State has requested, if the Secretary finds that—

(1) it is likely that the State will provide adequate resources to achieve the purposes of this Act;

(2) the State has demonstrated that it will effectively and faithfully administer the rules and regulations of the Secretary under this Act in accordance with the requirements of subsections (c) and (d) of this section;

(3) such delegation will not create an unreasonable burden on any lessee;

(4) the State agrees to adopt standardized reporting procedures prescribed by the Secretary for royalty and production accounting purposes, unless the State and all affected parties (including the Secretary) otherwise agree;

(5) the State agrees to follow and adhere to regulations and guidelines issued by the Secretary pursuant to the mineral leasing laws regarding valuation of production; and

(6) where necessary for a State to have authority to carry out and enforce a delegated activity, the State agrees to enact such laws and promulgate such regulations as are consistent with relevant Federal laws and regulations

with respect to the Federal lands within the State.

(c) After notice and opportunity for hearing, the Secretary shall issue a ruling as to the consistency of a State's proposal with the provisions of this section and regulations under subsection (d) within 90 days after submission of such proposal. In any unfavorable ruling, the Secretary shall set forth the reasons therefor and state whether the Secretary will agree to delegate to the State if the State meets the conditions set forth in such ruling.

(d) After consultation with State authorities, the Secretary shall by rule promulgate, within 12 months after the date of enactment of this section, standards and regulations pertaining to the authorities and responsibilities to be delegated under subsection (a), including standards and regulations pertaining to—

(1) audits to be performed;

(2) records and accounts to be maintained;

(3) reporting procedures to be required by States under this section;

(4) receipt and processing of production and financial reports;

(5) correction of erroneous report data;

(6) performance of automated verification;

(7) issuance of standards and guidelines in order to avoid duplication of effort;

(8) transmission of report data to the Secretary; and

(9) issuance of demands, subpoenas, and orders to perform restructured accounting, for royalty management enforcement purposes.

Such standards and regulations shall be designed to provide reasonable assurance that a uniform and effective royalty management system will prevail among the States. The records and accounts under paragraph (2) shall be sufficient to allow the Secretary to monitor the performance of any State under this section.

(e) If, after notice and opportunity for a hearing, the Secretary finds that any State to which any authority or responsibility of the Secretary has been delegated under this section is in violation of any requirement of this section or any rule thereunder, or that an affirmative finding by the Secretary under subsection (b) can no longer be made, the Secretary may revoke such delegation. If, after providing written notice to a delegated State and a reasonable opportunity to take corrective action requested by the Secretary, the Secretary determines that the State has failed to issue a demand or order to a Federal lessee within the State, that such failure may result in an underpayment of an obligation due the United States by such lessee, and that such underpayment may be uncollected without Secretarial intervention, the Secretary may issue such demand or order in accordance with the provisions of this Act prior to or absent the withdrawal of delegated authority.

(f) Subject to appropriations, the Secretary shall compensate any State for those costs which may be necessary to carry out the delegated activities under this Section. Payment shall be made no less than every quarter during the fiscal year. Compensation to a State may not exceed the Secretary's reasonably anticipated expenditure for performance of such delegated activities by the Secretary. [Such costs shall be allocable for the purposes of section 35(b) of the Act entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas and sodium on the public domain", approved February 25, 1920 (commonly known as the Mineral Leasing Act) (30 U.S.C. 191 (b)) to the administration and enforcement of laws providing for the leasing of any onshore lands or interests in land owned by the United States. Any further allocation of costs under section 35(b) made by the Secretary for oil and gas activities, other than those costs to compensate States for delegated activities under this Act, shall be only those costs associated with onshore oil and gas activities and may not include any duplication of costs allocated pursuant to the previous sentence. Nothing in this section affects the Secretary's authority to make allocations under section 35(b) for non-oil and gas mineral activities.] All moneys received from sales, bonuses, rentals, royalties, assessments and interest, including money claimed to be due and owing pursuant to a delegation under this section, shall be payable and paid to the Treasury of the United States.

(g) Any action of the Secretary to approve or disapprove a proposal submitted by a State under this section shall be subject to judicial review in the United States district court which includes the capital of the State submitting the proposal.

(h) Any State operating pursuant to a delegation existing on the date of enactment of this Act may continue to operate under the terms and conditions of the delegation, except to the extent that a revision of the existing agreement is adopted pursuant to this section.

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DISSENTING VIEWS

H.R. 6771 would unfairly direct billions of dollars of offshore oil and gas revenue to just four states' on the Gulf of Mexico, instead of having that money benefit all the American people, as it does now. Although the sponsor of the legislation repeatedly attempts to draw a parallel with onshore drilling on federal lands—where states in which the drilling occurs receive roughly half of the revenue from mineral production—to insist that Louisiana and the other Gulf states are being treated unfairly, the situation is not analogous.

The obvious difference is that onshore drilling on federal lands occurs within the borders of a state, whereas drilling on the Outer Continental Shelf is in federal waters that are outside state borders. In fact, Congress has already been quite generous with respect to coastal states. In multiple cases, the Supreme Court ruled that states had no ownership of the submerged lands, nor the resources contained in them, seaward of the low-water mark of the coast.[1] Congress passed the Submerged Lands Act of 1953[2] to give coastal states title to the first three miles seaward of the coast; since then, Louisiana has received the royalty and tax revenue from over 1.7 billion barrels of oil that have been produced from its state waters.[3] In 1978, Congress amended the Outer Continental Shelf Lands Act to provide coastal states with 27 percent of revenues for production from the first three miles of federal waters,[4] and in 2006 the Gulf of Mexico Energy Security Act (GOMESA) gave the states of Louisiana, Texas, Alabama, and Mississippi an additional 37.5 percent of revenues generated from new leases in the Gulf of Mexico, up to a maximum of $375 million per year.[5] In Public Law 115–97, that maximum was increased to $487.5 million for Fiscal Years 2020 and 2021.[6] Due to GOMESA, the four Gulf states will receive considerably more funding from offshore oil and gas production in federal waters than other states where such production is occurring, such as California and Alaska.

We support Louisiana's dedication of GOMESA revenues to coastal restoration and hurricane protection through its Coastal Master Plan. However, the State of Louisiana is only projected to receive approximately 27 percent of GOMESA funds. Coastal parishes and the other three Gulf of Mexico states, and their coastal counties, receive the remainder, and those entities may use that funding for a variety of uses, including "onshore infrastructure

[1] *U.S. v. California*, 332 U.S. 19 (1947); *U.S. v. Texas*, 339 U.S. 707 (1950); *U.S. v. Louisiana*, 339 U.S. 399 (1950).
[2] 43 U.S.C. 1301–1315.
[3] Louisiana Department of Natural Resources, *Louisiana Energy Facts Annual 2017*, Table 3 (from http://www.dnr.louisiana.gov/assets/TAD/OGTables/Table03.pdf, with data back to 1945).
[4] 43 U.S.C. 1337(g).
[5] 43 U.S.C. 1331 note.
[6] Section 20002, P.L. 115–97.

projects" to "mitigate the impact of outer Continental Shelf activities"—a very broad category that does not require the projects to mitigate "direct impacts" of those activities, despite the claims made by the sponsor during markup. Laudably, H.R. 6771 does require that at least 25 percent of all GOMESA revenues be used for ecosystem restoration, hurricane protection, or flood damage prevention projects, but that still allows for the bulk of the funding to be used on potentially less-worthy projects.

As we have seen repeatedly in recent years, coastal hurricane protection is becoming increasingly critical as climate change drives an increase in the average strength of storms. But this need is not limited to four states in the Gulf of Mexico. Ranking Member Grijalva offered an amendment in markup that would have made all coastal states and territories eligible for ecosystem restoration and hurricane protection funding under GOMESA. Unfortunately, the amendment was opposed by the Majority.

It is important to note that the Gulf Coast states, and their representatives in Congress, are among the most energetic champions of expanded drilling and deepening our dependence on fossil fuels. These same delegations are also among the most active opponents of any steps toward a cleaner energy economy. To cheerlead for increased greenhouse gas emissions, and then demand increased federal funding to deal with the harmful impacts of those emissions, is hypocritical at best.

By raising the percentage of federal offshore oil and gas revenues that the Gulf states receive, and eliminating the cap on those revenues, H.R. 6771 would transfer billions of dollars, if not tens of billions, from the Treasury to just four states over the life of GOMESA. We believe this is not equitable and not warranted, and therefore oppose this legislation.

RAÚL M. GRIJALVA,
Ranking Member, Committee on Natural Resources.
GRACE F. NAPOLITANO.
ALAN LOWENTHAL.