### 109TH CONGRESS 1ST SESSION

# H. R. 1551

To amend the Outer Continental Shelf Lands Act to provide a domestic offshore energy reinvestment program, and for other purposes.

## IN THE HOUSE OF REPRESENTATIVES

April 12, 2005

Mr. Jindal (for himself, Mr. Boustany, Mr. McCrery, Mr. Baker, Mr. Melancon, Mr. Jefferson, and Mr. Alexander) introduced the following bill; which was referred to the Committee on Resources

# A BILL

To amend the Outer Continental Shelf Lands Act to provide a domestic offshore energy reinvestment program, 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,
- 3 SECTION 1. SHORT TITLE.
- 4 This Act may be cited as the "Domestic Offshore En-
- 5 ergy Reinvestment Act of 2005".
- 6 SEC. 2. DOMESTIC OFFSHORE ENERGY REINVESTMENT.
- 7 (a) In General.—The Outer Continental Shelf
- 8 Lands Act (43 U.S.C. 1331 et seq.) is amended by adding
- 9 at the end the following:

#### "SEC. 32. DOMESTIC OFFSHORE ENERGY REINVESTMENT

ROGRAM.

3 "(a) In this section:

- 4 "(1) The term 'approved plan' means a secure 5 energy reinvestment plan approved by the Secretary 6 under this section.
  - "(2) The term 'coastal energy State' means a coastal State off the coastline of which, within the seaward lateral boundary, an outer Continental Shelf bonus bid or royalty is generated (excluding a bonus bid or royalty from a leased tract within an area of the outer Continental Shelf for which a moratorium on new leasing was in effect as of January 1, 2002, unless the lease was issued before the establishment of the moratorium and was in production on that date).
    - "(3) The term 'coastal political subdivision' means a county, parish, or other equivalent subdivision of a coastal energy State, all or part of which, on the date of the enactment of this section, lies within the boundaries of the coastal zone of the State, as identified in the coastal zone management program of the State approved under the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.).

- 1 "(4) The term 'coastal population' means the 2 population of a coastal political subdivision, as deter-3 mined by the most recent official data of the Census 4 Bureau.
- 5 "(5) The term 'coastline' has the meaning given 6 the term 'coast line' in section 2(c) of the Sub-7 merged Lands Act (43 U.S.C. 1301(c)).
  - "(6) The term 'Fund' means the Secure Energy Reinvestment Fund established by subsection (b)(1).
    - "(7) The term 'leased tract' means a tract maintained under section 6 or leased under section 8 for the purpose of drilling for, developing, and producing oil and natural gas resources.
    - "(8)(A) Except as provided in subparagraph (B), the term 'qualified outer Continental Shelf revenues' means all amounts received by the United States on or after October 1, 2005, from each leased tract or portion of a leased tract lying seaward of the zone defined and governed by section 8(g) (or lying within that zone but to which section 8(g) does not apply), including bonus bids, rents, royalties (including payments for royalties taken in kind and sold), net profit share payments, and related interest.

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1	"(B) The term 'qualified outer Continental
2	Shelf revenues' does not include any revenue from a
3	leased tract or portion of a leased tract that is in-
4	cluded within any area of the outer Continental
5	Shelf for which a moratorium on new leasing was in
6	effect as of January 1, 2002, unless the lease was
7	issued before the establishment of the moratorium
8	and was in production on that date.
9	"(9) The term 'Secretary' means the Secretary
10	of the Interior.
11	"(b)(1)(A) There is established in the Treasury of the
12	United States a separate account to be known as the 'Se-
13	cure Energy Reinvestment Fund'.
14	"(B) The Fund shall consist of—
15	"(i) any amount deposited under paragraph (2);
16	and
17	"(ii) any other amounts that are appropriated
18	to the Fund.
19	"(2) For each fiscal year after fiscal year 2006, the
20	Secretary of the Treasury shall deposit into the Fund the
21	following:
22	"(A) Notwithstanding section 9, all qualified
23	outer Continental Shelf revenues attributable to roy-
24	alties received by the United States during the fiscal
25	year in excess of—

1	"(i) in the case of royalties received in fis-
2	cal year 2006, \$7,000,000,000;
3	"(ii) in the case of royalties received in fis-
4	cal year 2007, \$7,100,000,000;
5	"(iii) in the case of royalties received in
6	fiscal year 2008, \$7,300,000,000;
7	"(iv) in the case of royalties received in fis-
8	cal year 2009, \$6,900,000,000;
9	"(v) in the case of royalties received in fis-
10	cal year 2010, \$7,200,000,000;
11	"(vi) in the case of royalties received in fis-
12	cal year 2011, \$7,250,000,000;
13	"(vii) in the case of royalties received in
14	fiscal year 2012, \$8,125,000,000;
15	"(viii) in the case of royalties received in
16	fiscal year 2013, \$8,100,000,000;
17	"(ix) in the case of royalties received in fis-
18	cal year 2014, \$9,000,000,000; and
19	"(x) in the case of royalties received in fis-
20	cal year 2015, \$7,500,000,000.
21	"(B) Notwithstanding section 9, any qualified
22	outer Continental shelf revenues that are attrib-
23	utable to bonus bids received by the United States
24	during each of fiscal years 2006 through 2015 in ex-
25	cess of \$880,000,000.

1 "(C) Notwithstanding section 9, in addition to 2 amounts deposited under subparagraphs (A), (B), 3 and (F), \$150,000,000 of the amounts received by 4 the United States during each of fiscal years 2006 5 through 2015 as royalties for oil or gas production 6 on the outer Continental Shelf. 7 "(D) All interest earned under paragraph (4). 8 "(E) All repayments made under subsection (f). 9 "(F) Notwithstanding section 9— 10 "(i) for fiscal year 2016, an amount equal to 8 11 percent of the qualified outer Continental Shelf reve-12 nues received by the United States during fiscal year 13 2015; 14 "(ii) for fiscal year 2017, an amount equal to 15 10 percent of the qualified outer Continental Shelf 16 revenues received by the United States during fiscal 17 year 2016; 18 "(iii) for fiscal year 2018, an amount equal to 19 12 percent of the qualified outer Continental Shelf 20 revenues received by the United States during fiscal 21 year 2017; 22 "(iv) for fiscal year 2019, an amount equal to 23 14 percent of the qualified outer Continental Shelf 24 revenues received by the United States during fiscal 25 year 2018;

1	"(v) for fiscal year 2020, an amount equal to
2	16 percent of the qualified outer Continental Shelf
3	revenues received by the United States during fiscal
4	year 2019;
5	"(vi) for fiscal year 2021, an amount equal to
6	18 percent of the qualified outer Continental Shelf
7	revenues received by the United States during fiscal
8	year 2020;
9	"(vii) for fiscal year 2022, an amount equal to
10	20 percent of the qualified outer Continental Shelf
11	revenues received by the United States during fiscal
12	year 2021;
13	"(viii) for fiscal year 2023, an amount equal to
14	22 percent of the qualified outer Continental Shelf
15	revenues received by the United States during fiscal
16	year 2022;
17	"(ix) for fiscal year 2024, an amount equal to
18	24 percent of the qualified outer Continental Shelf
19	revenues received by the United States during fiscal
20	year 2023;
21	"(x) for fiscal year 2025, an amount equal to
22	26 percent of the qualified outer Continental Shelf
23	revenues received by the United States during fiscal
24	year 2024; and

1	"(xi) for fiscal year 2026 and each subsequent
2	fiscal year, an amount equal to 27 percent of the
3	qualified outer Continental Shelf revenues received
4	by the United States during the preceding fiscal
5	year.
6	"(3)(A) For each fiscal year after fiscal year 2015
7	during which amounts received by the United States as
8	royalties for oil or gas production on the outer Continental
9	Shelf are less than the sum of the amounts described in
10	subparagraph (B) and paragraph (2)(F), the Secretary of
11	the Treasury shall reduce each of the amounts described
12	in subparagraph (B) proportionately.
13	"(B) The amounts referred to in subparagraph (A)
14	are—
15	"(i) the amount required to be covered into the
16	Historic Preservation Fund under section 108 of the
17	National Historic Preservation Act (16 U.S.C. 470h)
18	on the date of the enactment of this section;
19	"(ii) the amount required to be credited to the
20	Land and Water Conservation Fund under section
21	2(c)(2) of the Land and Water Conservation Fund
22	Act of 1965 (16 U.S.C. $460l-5(c)(2)$ ) on the date of
23	enactment of this section; and
24	"(iii) the amount required to be deposited
25	under paragraph (2)(C).

1 "(4)(A) The Secretary of the Treasury shall invest 2 money in the Fund (including interest) in public debt se-3 curities— "(i) with maturities suitable to the needs of the 4 5 Fund, as determined by the Secretary of the Treas-6 ury; and 7 "(ii) bearing interest at rates determined by the 8 Secretary of the Treasury, taking into consideration 9 current market yields on outstanding marketable ob-10 ligations of the United States of comparable matu-11 rity. 12 "(B) Money invested pursuant to subparagraph (A) 13 shall remain invested until the money is needed to meet a requirement for disbursement under this section. 14 15 "(5) Not later than December 31, 2010, the Secretary, in consultation with the Secretary of the Treasury, 16 17 shall— 18 "(A) determine the amount and composition of 19 outer Continental Shelf revenues that were received 20 by the United States during each of fiscal years 21 2006 through 2010; 22 "(B) project the amount and composition of 23 outer Continental Shelf revenues that will be re-24 ceived by the United States during each of fiscal

years 2011 through 2015; and

- 1 "(C) submit to Congress a report regarding
- 2 whether any amount described in clauses (vi)
- 3 through (x) of paragraph (2)(A), or paragraph
- 4 (2)(B), should be modified to reflect a projection
- 5 under subparagraph (B).
- 6 "(6) For each of fiscal years 2006 through 2015, in
- 7 addition to the amounts deposited into the Fund under
- 8 paragraph (2), there are authorized to be appropriated to
- 9 the Fund an amount equal to 8 percent of the qualified
- 10 outer Continental Shelf revenues received by the United
- 11 States during the preceding fiscal year.
- 12 "(c)(1)(A) The Secretary shall use any amount re-
- 13 maining in the Fund after the application of subsections
- 14 (h) and (i) to pay to each coastal energy State, and any
- 15 coastal political subdivision of a State, the secure energy
- 16 reinvestment plan of which is approved by the Secretary
- 17 under this section, the amount allocated to the State or
- 18 coastal political subdivision, respectively, under this sub-
- 19 section.
- 20 "(B) During December 2006, and each December
- 21 thereafter, the Secretary shall make any payment under
- 22 this paragraph from revenues received by the United
- 23 States during the preceding fiscal year.
- 24 "(2) The Secretary shall allocate any amount depos-
- 25 ited into the Fund for a fiscal year, and any other amount

determined by the Secretary to be available, among coastal 2 energy States, and coastal political subdivisions of those 3 States, that have a plan approved by the Secretary under 4 this section as follows: 5 "(A)(i) Of the amounts made available for each of the first 10 fiscal years for which amounts are 6 7 available for allocation under this paragraph, the al-8 location for each coastal energy State shall be cal-9 culated based on the ratio that— "(I) the qualified outer Continental Shelf 10 11 revenues generated off the coastline of the 12 coastal energy State; bears to 13 "(II) the qualified outer Continental Shelf 14 revenues generated off the coastlines of all 15 coastal energy States for the period beginning January 1, 1992, and ending December 31, 16 17 2001. 18 "(ii) Of the amounts made available for a fiscal 19 year after the fiscal years described in clause (i), the 20 allocation for each coastal energy State shall be cal-21 culated based on a ratio determined by the Secretary 22 with respect to the qualified outer Continental Shelf

revenues generated in the corresponding 10-year pe-

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1	"(iii) For the purposes of this subparagraph,
2	qualified outer Continental Shelf revenues shall be
3	considered to be generated off the coastline of a
4	coastal energy State if the geographic center of the
5	lease tract from which the revenues are generated is
6	located within the area formed by the extension of
7	the seaward lateral boundaries of the State, cal-
8	culated using the conventions established to delimit
9	international lateral boundaries under the Law of
10	the Sea.
11	"(B) 35 percent of the allocable share of each
12	coastal energy State, as determined under subpara-
13	graph (A), shall be allocated among and paid di-
14	rectly to the coastal political subdivisions of the
15	State by the Secretary based on the following for-
16	mula:
17	"(i) 25 percent shall be allocated based on
18	the ratio that—
19	"(I) the coastal population of each
20	coastal political subdivision; bears to
21	"(II) the coastal population of all
22	coastal political subdivisions of the coastal
23	energy State.
24	"(ii)(I) 25 percent shall be allocated based
25	on the ratio that—

1	"(aa) the length, in miles, of the
2	coastline of each coastal political subdivi-
3	sion; bears to
4	"(bb) the length, in miles, of the
5	coastline of all coastal political subdivisions
6	of the State.
7	"(II) For purposes of this clause, in the
8	case of a coastal political subdivision without a
9	coastline, the coastline of the political subdivi-
10	sion shall be $\frac{1}{3}$ the average length of the coast-
11	line of the other coastal political subdivisions of
12	the State.
13	"(iii) 50 percent shall be allocated based
14	on a formula that allocates—
15	"(I) 75 percent of the funds based on
16	the relative distance of the coastal political
17	subdivision from any leased tract used to
18	calculate the allocation to that State; and
19	"(II) 25 percent of the funds based on
20	the relative level of outer Continental Shelf
21	oil and gas activities in a coastal political
22	subdivision to the level of outer Conti-
23	nental Shelf oil and gas activities in all
24	coastal political subdivisions in the State,
25	as determined by the Secretary.

1	"(3) Any amount allocated to a coastal energy State
2	or coastal political subdivision that is not disbursed be-
3	cause of a failure of a coastal energy State to have an
4	approved plan shall be reallocated by the Secretary among
5	all other coastal energy States in a manner consistent with
6	this subsection, except that the Secretary—
7	"(A) shall hold the amount in escrow within the
8	Fund until the earlier of—
9	"(i) the end of the next fiscal year during
10	which the allocation is made; or
11	"(ii) the date on which a final resolution of
12	an appeal regarding the disapproval of a plan
13	submitted by the State under this section is
14	filed; and
15	"(B) shall continue to hold the amount in es-
16	crow until the end of the subsequent fiscal year, if
17	the Secretary determines that a State is making a
18	good faith effort to develop and submit, or update,
19	a secure energy reinvestment plan under subsection
20	(d).
21	"(4) Notwithstanding any other provision of this sub-
22	section, the amount allocated under this subsection to each
23	coastal energy State during a fiscal year shall be not less
24	than 5 percent of the total amount available for that fiscal

- 1 year for allocation under this subsection to coastal energy
- 2 States.
- 3 "(5) If the allocation to 1 or more coastal energy
- 4 States under paragraph (4) during any fiscal year is
- 5 greater than the amount that would be allocated to those
- 6 States under this subsection if paragraph (4) did not
- 7 apply, the allocations under this subsection to all other
- 8 coastal energy States shall be—
- 9 "(A) paid from the amount remaining after the
- amounts allocated under paragraph (4) are de-
- 11 ducted; and
- 12 "(B) reduced on a pro rata basis by the sum
- of the allocations under paragraph (4) so that not
- more than 100 percent of the funds available in the
- 15 Fund for allocation with respect to that fiscal year
- is allocated.
- 17 "(d)(1)(A) The Governor of a State seeking to receive
- 18 funds under this section shall prepare, and submit to the
- 19 Secretary, a secure energy reinvestment plan describing
- 20 planned expenditures of funds received under this section.
- 21 "(B) The Governor shall include in the State plan
- 22 any plan prepared by a coastal political subdivision of the
- 23 State.
- 24 "(C) In the development of the State plan, the Gov-
- 25 ernor and the coastal political subdivision shall—

1	"(i) solicit local input;
2	"(ii) provide for public participation; and
3	"(iii) in describing the planned expenditures, in-
4	clude only uses of funds described in subsection (e)
5	"(2)(A)(i) The Secretary shall not disburse funds to
6	a State or coastal political subdivision under this section
7	before the date on which the plan of the State is approved
8	under this subsection.
9	"(ii) The Secretary shall approve a plan submitted
10	by a State under paragraph (1) if the Secretary deter-
11	mines that—
12	"(I) each expenditures provided for in the plan
13	is an authorized use under subsection (e); and
14	"(II) the plan contains—
15	"(aa) the name of the State agency that
16	will have the authority to represent and act for
17	the State in dealing with the Secretary for pur-
18	poses of this section;
19	"(bb) goals including improving the envi-
20	ronment and addressing the impacts of oil and
21	gas production from the outer Continental
22	Shelf;
23	"(cc) a description of how the State and
24	coastal political subdivisions of the State will
25	evaluate the effectiveness of the plan;

1	"(dd) a certification by the Governor that
2	ample opportunity has been accorded for public
3	participation in the development and revision of
4	the plan;

- "(ee) measures for taking into account other relevant Federal resources and programs;
- "(ff) assurance that the plan is correlated as much as practicable with other State, regional, and local plans;

"(gg) for any State for which the ratio determined under clause (i) or (ii) of subsection (c)(2)(A), expressed as a percentage, exceeds 25 percent, a plan to spend not less than 30 percent of the total funds provided to that State and appropriate coastal political subdivisions under this section during any fiscal year to address the socioeconomic or environmental impacts identified in the plan that remain significant or progressive after implementation of mitigation measures identified in the most current environmental impact statement as of the date of enactment of this section required under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seg.) for lease sales under this Act; and

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1	"(hh) a plan to use at least ½ of the funds
2	provided pursuant to subsection (e)(2)(B), and
3	a portion of other funds provided to a State
4	under this section, on programs or projects that
5	are coordinated and conducted by a partnership
6	between the State and a coastal political sub-
7	division.
8	"(B) Not later than 90 days after a plan of a State
9	is submitted under this subsection, the Secretary shall ap-
10	prove or disapprove the plan.
11	"(3) Any amendment to or revision of a plan ap-
12	proved under this section shall be—
13	"(A) prepared and submitted in accordance
14	with the requirements of this paragraph; and
15	"(B) approved or disapproved by the Secretary
16	in accordance with paragraph (2)(B).
17	"(e) A coastal energy State, and a coastal political
18	subdivision, shall use any amount paid under this section
19	(including any amounts deposited into a trust fund admin-
20	istered by the State or coastal political subdivision con-
21	sistent with this subsection), consistent with Federal and
22	State law and the approved plan of the State—
23	"(1) to carry out a project or activity, including
24	an educational activity, for the conservation, protec-

1	tion, or restoration of coastal areas including wet-
2	lands;
3	"(2) to mitigate damage to, or protect, fish,
4	wildlife, or natural resources;
5	"(3) to the extent considered reasonable by the
6	Secretary, to carry out planning assistance and pay
7	the administrative costs of complying with this sec-
8	tion;
9	"(4) to implement a federally approved plan or
10	program for—
11	"(A) marine, coastal, subsidence, or con-
12	servation management; or
13	"(B) protection of resources from natural
14	disasters; and
15	"(5) to mitigate the effect of an outer Conti-
16	nental Shelf activity by providing onshore infrastruc-
17	ture or public service.
18	"(f) If the Secretary determines that an expenditure
19	made by a coastal energy State or coastal political subdivi-
20	sion is not in accordance with the approved plan of the
21	State (including any plan of a coastal political subdivision
22	included in the plan of the State), the Secretary shall not
23	disburse any additional amount under this section to that
24	coastal energy State or coastal political subdivision until—

1	"(1) the amount of the expenditure is repaid to
2	the Secretary; or
3	"(2) the Secretary approves an amendment to
4	the plan that authorizes the expenditure.
5	"(g) The Secretary may require, as a condition of any
6	payment under this section, that a State or coastal polit-
7	ical subdivision shall submit to arbitration—
8	"(1) any dispute between the State or coastal
9	political subdivision and the Secretary regarding im-
10	plementation of this section; and
11	"(2) any dispute between the State and political
12	subdivision regarding implementation of this section,
13	including any failure to include in the plan sub-
14	mitted by the State under subsection (d) any spend-
15	ing plan of the coastal political subdivision.
16	"(h) The Secretary may use not more than $\frac{1}{2}$ of 1
17	percent of the amount in the Fund during a fiscal year
18	to pay the administrative costs of implementing this sec-
19	tion.
20	"(i)(1) An amount equal to 2 percent of an amount
21	deposited into the Fund during each of fiscal years 2006
22	through 2015 shall be available to the Secretary to provide
23	funding for the Coastal Restoration and Enhancement

24 through Science and Technology program.

- 1 "(2) For purposes of determining the amount appro-
- 2 priated under any other provision of law that authorizes
- 3 appropriations to carry out the Coastal Restoration and
- 4 Enhancement through Science and Technology program,
- 5 any amount made available under paragraph (1) during
- 6 a fiscal year shall be treated as appropriated under that
- 7 other provision.
- 8 "(j) Subject to subsection (e), a coastal energy State
- 9 or coastal political subdivision may use funds provided to
- 10 that State or coastal political subdivision under this sec-
- 11 tion for any payment that is eligible to be made with funds
- 12 provided to States under section 35 of the Mineral Leasing
- 13 Act (30 U.S.C. 191).
- 14 "(k)(1) The Governor of a coastal energy State, in
- 15 coordination with the coastal political subdivisions of that
- 16 State, shall account for all funds received under this sec-
- 17 tion during the previous fiscal year in a written report to
- 18 the Secretary.
- 19 "(2) The report shall include, in accordance with reg-
- 20 ulations prescribed by the Secretary, a description of all
- 21 projects and activities that received funds under this sec-
- 22 tion.
- 23 "(3) The report may incorporate by reference any
- 24 other report required to be submitted under another provi-
- 25 sion of law.

1 "(1) The Secretary shall require, as a condition of any 2 allocation of funds provided under this section, that a 3 State or coastal political subdivision shall include on any 4 sign installed at a site at or near an entrance or public 5 use area for which funds provided under this section are used a statement that the existence or development of the 6 7 site is a product of those funds.". (b) Conforming Amendments.—Section 31 of the 8 Outer Continental Shelf Lands Act (43 U.S.C. 1356a) is 10 amended— 11 (1) by striking subsection (a); (2) in subsection (c), by striking "For fiscal 12 13 year 2001, \$150,000,000 is" and inserting "Such 14 sums as may be necessary to carry out this section 15 are"; (3) in subsection (d)(1)(B), by striking ", ex-16 17 cept" and all that follows through the end of the 18 sentence and inserting a period; 19 (4) by redesignating subsections (b) though (g) 20 as subsections (a) through (f), respectively; and 21 (5) by striking "subsection (f)" each place it appears and inserting "subsection (e)". 22 23 (c) Use of Coastal Restoration and Enhance-

MENT THROUGH SCIENCE AND TECHNOLOGY PRO-

GRAM.—

1	(1) AUTHORIZATION.—The Secretary of the In-
2	terior and the Secretary of Commerce may use the
3	Coastal Restoration and Enhancement through
4	Science and Technology program for the purposes
5	of—
6	(A) assessing the effects of a coastal habi-
7	tat restoration technique;
8	(B) developing improved ecosystem mod-
9	eling capabilities to improve predictions of
10	coastal conditions and habitat change;
11	(C) developing a new technology for a res-
12	toration activity; and
13	(D) identifying economic options to ad-
14	dress socioeconomic consequences of coastal
15	degradation.
16	(2) Condition.—The Secretary of the Interior,
17	in consultation with the Secretary of Commerce,
18	shall ensure that the program—
19	(A) establishes procedures designed to
20	avoid duplicative activities among Federal agen-
21	cies and entities receiving Federal funds;
22	(B) coordinates with any person involved
23	in a similar activity; and

1	(C) establishes a mechanism to collect, or-
2	ganize, and make available information and
3	findings on coastal restoration.
4	(3) Report.—Not later than September 30,
5	2010, the Secretary of the Interior, in consultation
6	with the Secretary of Commerce, shall submit to
7	Congress a report that—
8	(A) describes the effectiveness of any Fed-
9	eral or State restoration effort pursuant to this
10	subsection; and
11	(B) makes recommendations to improve co-
12	ordinated coastal restoration efforts.
13	(4) Funding.—There is authorized to be ap-
14	propriated to the Secretary to carry out this sub-
15	section \$10,000,000 for each of fiscal years 2006
16	through 2015.

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