II

113TH CONGRESS
1ST SESSION

S. 1273

To establish a partnership between States that produce energy onshore and offshore for our country with the Federal Government.

IN THE SENATE OF THE UNITED STATES

JULY 10, 2013

Ms. MURKOWSKI (for herself, Ms. LANDRIEU, Mr. BEGICH, and Ms. HEITKAMP) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

A BILL

To establish a partnership between States that produce energy onshore and offshore for our country with the Federal Government.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘Fixing America's Inequities with Revenues Act of 2013'' or the ‘‘FAIR Act of 2013''.

SEC. 2. DISTRIBUTION OF REVENUES TO COASTAL STATES.

Section 9 of the Outer Continental Shelf Lands Act (43 U.S.C. 1338) is amended to read as follows:

"SEC. 9. DISPOSITION OF REVENUES.

''(a) DEFINITIONS.—In this section:

''(1) ALTERNATIVE AND RENEWABLE ENERGY.—The term 'alternative and renewable energy' means energy derived from a wind, solar, or ocean (including tidal, wave, and current) source.

''(2) COASTAL POLITICAL SUBDIVISION.—The term 'coastal political subdivision' means a county-equivalent subdivision of a coastal State all or part of which—

''(A) lies within the coastal zone (as defined in section 304 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1453)); and

''(B) the closest point of which is not more than 200 nautical miles from the geographical center of any leased tract.

''(3) COASTAL STATE.—

''(A) IN GENERAL.—The term 'coastal State' means a State with a coastal seaward boundary within 200 nautical miles distance of the geographical center of a leased tract in an outer Continental Shelf region adjacent to the State.

''(B) EXCLUSION.—The term 'coastal State' does not include a coastal State, the majority of the coastline of which is subject to a leasing moratorium.

"(4) DISTANCE.—The terms 'distance' and 'distances' mean minimum great circle distance and distances, respectively.

"(5) LEASED TRACT.—The term 'leased tract' means a tract or other area leased or made available for the exploration, development, or production of oil, natural gas, or alternative or renewable energy.

"(6) LEASING MORATORIUM.—The term 'leasing moratorium' means any State or Federal prohibition on the development of oil, natural gas, and alternative and renewable energy sources, including preleasing, leasing, and related activities, on the outer Continental Shelf.

"(7) OUTER CONTINENTAL SHELF REGION.—The term 'outer Continental Shelf region' means—

"(A) the Alaska outer Continental Shelf region;

"(B) the North Atlantic planning area (as described in the 2012–2017 Outer Continental Shelf Oil and Gas Leasing Program);

"(C) the Mid-Atlantic planning area (as described in the 2012–2017 Outer Continental Shelf Oil and Gas Leasing Program);

''(D) the South Atlantic planning area (as described in the 2012–2017 Outer Continental Shelf Oil and Gas Leasing Program);

''(E) the Gulf of Mexico outer Continental Shelf region; or

''(F) the Pacific outer Continental Shelf region.

''(8) SECRETARY.—The term 'Secretary' means the Secretary of the Interior.

''(b) COASTAL STATE REVENUE SHARING FOR OUTER CONTINENTAL SHELF ENERGY SOURCES.—

''(1) IN GENERAL.—Subject to the other provisions of this section, for fiscal year 2014 and each subsequent fiscal year—

''(A) the Secretary of the Interior shall deposit in a special account in the Treasury, 37.5 percent of all revenues derived from all rentals, royalties, bonus bids, and other sums due and payable to the United States from the development of oil, natural gas, and alternative and renewable energy on the outer Continental Shelf; and

''(B) the Secretary shall, in accordance with subsection (b), disburse—

"(i) 27.5 percent of the revenues described in subparagraph (A) to coastal States and coastal political subdivisions; and

"(ii) 10 percent of the revenues to coastal States that establish funds in the treasuries of the coastal States to support projects and activities relating to alternative or renewable energy, energy research and development, energy efficiency, or conservation.

"(2) EXCLUSIONS.—The revenues described in paragraph (1) do not include—

"(A) the qualified outer Continental Shelf revenues described in the third proviso under the heading 'OCEAN ENERGY MANAGEMENT' under the heading 'BUREAU OF OCEAN ENERGY MANAGEMENT' of title I of the Department of the Interior, Environment, and Related Agencies Appropriations Act, 2012 (division E of Public Law 112–74; 125 Stat. 994);

"(B) revenues from the forfeiture of a bond or other surety securing obligations other than royalties, civil penalties, or royalties taken by the Secretary in-kind and not sold; or

"(C) revenues generated from leases—

"(i) subject to—

"(I) section 8(g);

"(II) section 8(p)(2)(B); or

"(III) the Gulf of Mexico Energy Security Act of 2006 (43 U.S.C. 1331 note; Public Law 109–432); or

"(ii) in the Gulf of Mexico before the date of enactment of the Gulf of Mexico Energy Security Act of 2006 (43 U.S.C. 1331 note; Public Law 109–432).

"(3) ALLOCATION AMONG COASTAL STATES AND COASTAL POLITICAL SUBDIVISIONS.—

"(A) IN GENERAL.—Subject to subparagraph (B), for each fiscal year, the amount made available under paragraph (1) from any lease shall be allocated to each coastal 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 coastal State that is closest to the geographic center of the applicable leased tract and the geographic center of the leased tract.

"(B) LIMITATION.—The allocable share of a coastal State is limited to the revenues collected from a leased tract located no more than 200 nautical miles from the coastline of the coastal State and within the outer Continental Shelf region of the coastal State.

"(C) PAYMENTS TO COASTAL POLITICAL SUBDIVISIONS.—

"(i) IN GENERAL.—The Secretary shall pay 25 percent of the allocable share of each coastal State, as determined under subparagraph (A), to the coastal political subdivisions of the coastal State.

"(ii) 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).

"(iii) EXCEPTION FOR THE STATE OF ALASKA.—For purposes of carrying out this subparagraph in the State of Alaska, of the amount paid by the Secretary to coastal political subdivisions—

"(I) 90 percent shall be allocated in amounts (based on a formula established by the Secretary by regulation) that are inversely proportional to the respective distances between the point in each coastal political subdivision that is closest to the geographic center of the applicable leased tract and the geographic center of the leased tract; and

"(II) 10 percent shall be divided equally among each county-equivalent subdivision of the State of Alaska, all or part of which lies within the coastal zone (as defined in section 304 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1453)), that—

"(aa) is more than 200 nautical miles from the geographic center of a leased tract; and

"(bb) the State of Alaska determines to be a significant staging area for oil and gas servicing, supply vessels, operations, suppliers, or workers.".

SEC. 3. REVENUE SHARING FOR CERTAIN ONSHORE ENERGY SOURCES.

Section 35 of the Mineral Leasing Act (30 U.S.C. 191) is amended by adding at the end the following:

"(d) REVENUE SHARING FOR CERTAIN ONSHORE ENERGY SOURCES.—The Secretary of the Interior shall disburse 50 percent of all revenues derived from all rentals, operating fees, royalties, bonus bids, rights-of-way, and other amounts due and payable to the United States from the development of alternative or renewable onshore energy sources to the State within the boundaries of which the energy source is located.".

SEC. 4. DISTRIBUTION OF REVENUES TO GULF PRODUCING STATES.

(a) DEFINITION OF QUALIFIED OUTER CONTINENTAL SHELF REVENUES.—Section 102(9) of the Gulf of Mexico Energy Security Act of 2006 (43 U.S.C. 1331 note; Public Law 109–432) is amended by striking subparagraphs (A) and (B) inserting the following:

"(A) IN GENERAL.—The term 'qualified outer Continental Shelf revenues' means all rentals, royalties, bonus bids, and other sums due and payable to the United States received on or after October 1, 2013, from leases entered into on or after the date of enactment of Public Law 109–432 for the portions of the

Western Gulf of Mexico planning area, the Central Gulf of Mexico planning area, and the Eastern Gulf of Mexico planning area not subject to a leasing moratorium under section 104(a) of the Gulf of Mexico Energy Security Act of 2006 (43 U.S.C. 1331 note; Public Law 109–432).

"(B) EXCLUSIONS.—The term 'qualified outer Continental Shelf revenues' does not include—

"(i) the qualified outer Continental Shelf revenues described in the third proviso under the heading 'OCEAN ENERGY MANAGEMENT' under the heading 'BUREAU OF OCEAN ENERGY MANAGEMENT' of title I of the Department of the Interior, Environment, and Related Agencies Appropriations Act, 2012 (division E of Public Law 112–74; 125 Stat. 994);

"(ii) the qualified outer Continental Shelf revenues described in the third proviso under the heading 'OFFSHORE SAFETY AND ENVIRONMENTAL ENFORCEMENT' under the heading 'BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT' of title I of the Department of the Interior, Environment, and Related Agencies Appropriations Act, 2012 (division E of Public Law 112–74; 125 Stat. 995);

"(iii) revenues from the forfeiture of a bond or other surety securing obligations other than royalties, civil penalties, or royalties taken by the Secretary in-kind and not sold; or

"(iv) revenues generated from leases subject to subsection (g) or (p)(2)(B) of section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337).".

(b) DISPOSITION OF QUALIFIED OUTER CONTINENTAL SHELF REVENUES.—Section 105 of the Gulf of Mexico Energy Security Act of 2006 (43 U.S.C. 1331 note; Public Law 109–432) is amended—

(1) in subsection (a), in the matter preceding paragraph (1), by striking "shall deposit" and all that follows through the period at the end of paragraph (2)(B) and inserting the following:

"shall deposit—

"(1) in a special account in the Treasury—

"(A) 37.5 percent of qualified outer Continental Shelf revenues, which the Secretary shall disburse to Gulf producing States in accordance with subsection (b); and

"(B) $62,500,000, which the Secretary shall disburse to provide financial assistance to States in accordance with section 6 of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 4601–8), which shall be considered income to the Land and Water Conservation Fund for purposes of section 2 of that Act (16 U.S.C. 4601–5); and

"(2) the remainder of qualified outer Continental Shelf revenues in the general fund of the Treasury.";

(2) in subsection (b)—

(A) in paragraph (1)—

(i) by striking "(1) ALLOCATION" and all that follows through "subsection (a)(2)(A)" in subparagraph (A) and inserting the following:

"(1) ALLOCATION AMONG GULF PRODUCING STATES.—

"(A) IN GENERAL.—Effective beginning in fiscal year 2014, the amount made available under subsection (a)(1)(A)";

(ii) in subparagraph (A)—

(I) by inserting "each historical lease site and the geographic center of the historical lease site, as determined by the Secretary" after "closest to the geographic center of"; and

(II) by striking "the applicable leased tract and the geographic center of the leased tract"; and

(iii) by striking subparagraph (B);

(B) in paragraph (2), by striking "(2)" and all that follows through "(C) HISTORICAL LEASE SITES" and inserting "(B) HISTORICAL LEASE SITES";

(C) in paragraph (1)(B)(i) (as so redesignated)—

(i) by striking "subparagraph (A)(ii)" and inserting "subparagraph (A)"; and

(ii) by striking "December 31, 2015" and inserting "December 31, 2012";

(D) by redesignating paragraph (3) as paragraph (2); and

(E) in paragraph (2) (as so redesignated), in subparagraph (A), by striking "paragraphs (1) and (2)" and inserting "paragraph (1)"; and

(3) by striking subsection (f) and inserting the following:

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

"(1) DISTRIBUTION TO GULF PRODUCING STATES.—

"(A) IN GENERAL.—Subject to subparagraphs (B) and (C), the total amount of qualified outer Continental Shelf revenues distributed under subsection (a)(1)(A) shall not exceed $500,000,000 for fiscal year 2014.

"(B) CAP INCREASE FOR GULF PRODUCING STATES.—In the case of the qualified outer Continental Shelf revenues distributed to Gulf producing States under subsection (a)(1)(A), the cap on amounts specified in subparagraph (A) shall be for—

"(i) fiscal year 2015, $600,000,000; and

"(ii) each of fiscal years 2016 through 2024, the applicable amount for the previous fiscal year increased by $100,000,000.

"(C) SUBSEQUENT FISCAL YEARS.—For fiscal year 2025 and each fiscal year thereafter, all qualified outer Continental Shelf revenues made available under subsection (a)(1)(A) shall be made available without limitation for allocation to the Gulf producing States in accordance with subsection (b).

"(2) PRO RATA REDUCTIONS.—If paragraph (1) limits the amount of qualified outer Continental Shelf revenues that would be paid under subsection (a)(1)(A)—

"(A) the Secretary shall reduce the amount of qualified outer Continental Shelf revenues 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.".

SEC. 5. EFFECTIVE DATE.

This Act and the amendments made by this Act take effect on October 1, 2013.

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