

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.

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## 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

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## A BILL

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

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 “Fixing America’s In-  
5 equities with Revenues Act of 2013” or the “FAIR Act  
6 of 2013”.

7 **SEC. 2. DISTRIBUTION OF REVENUES TO COASTAL STATES.**

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

1 **“SEC. 9. DISPOSITION OF REVENUES.**

2 “(a) DEFINITIONS.—In this section:

3 “(1) ALTERNATIVE AND RENEWABLE EN-  
4 ERGY.—The term ‘alternative and renewable energy’  
5 means energy derived from a wind, solar, or ocean  
6 (including tidal, wave, and current) source.

7 “(2) COASTAL POLITICAL SUBDIVISION.—The  
8 term ‘coastal political subdivision’ means a county-  
9 equivalent subdivision of a coastal State all or part  
10 of which—

11 “(A) lies within the coastal zone (as de-  
12 fined in section 304 of the Coastal Zone Man-  
13 agement Act of 1972 (16 U.S.C. 1453)); and

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

17 “(3) COASTAL STATE.—

18 “(A) IN GENERAL.—The term ‘coastal  
19 State’ means a State with a coastal seaward  
20 boundary within 200 nautical miles distance of  
21 the geographical center of a leased tract in an  
22 outer Continental Shelf region adjacent to the  
23 State.

24 “(B) EXCLUSION.—The term ‘coastal  
25 State’ does not include a coastal State, the ma-

1           jority of the coastline of which is subject to a  
2           leasing moratorium.

3           “(4) DISTANCE.—The terms ‘distance’ and ‘dis-  
4           tances’ mean minimum great circle distance and dis-  
5           tances, respectively.

6           “(5) LEASED TRACT.—The term ‘leased tract’  
7           means a tract or other area leased or made available  
8           for the exploration, development, or production of  
9           oil, natural gas, or alternative or renewable energy.

10          “(6) LEASING MORATORIUM.—The term ‘leas-  
11          ing moratorium’ means any State or Federal prohi-  
12          bition on the development of oil, natural gas, and al-  
13          ternative and renewable energy sources, including  
14          preleasing, leasing, and related activities, on the  
15          outer Continental Shelf.

16          “(7) OUTER CONTINENTAL SHELF REGION.—  
17          The term ‘outer Continental Shelf region’ means—

18                 “(A) the Alaska outer Continental Shelf  
19                 region;

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

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

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

4           “(E) the Gulf of Mexico outer Continental  
5 Shelf region; or

6           “(F) the Pacific outer Continental Shelf  
7 region.

8           “(8) SECRETARY.—The term ‘Secretary’ means  
9 the Secretary of the Interior.

10       “(b) COASTAL STATE REVENUE SHARING FOR  
11 OUTER CONTINENTAL SHELF ENERGY SOURCES.—

12           “(1) IN GENERAL.—Subject to the other provi-  
13 sions of this section, for fiscal year 2014 and each  
14 subsequent fiscal year—

15           “(A) the Secretary of the Interior shall de-  
16 posit in a special account in the Treasury, 37.5  
17 percent of all revenues derived from all rentals,  
18 royalties, bonus bids, and other sums due and  
19 payable to the United States from the develop-  
20 ment of oil, natural gas, and alternative and re-  
21 newable energy on the outer Continental Shelf;  
22 and

23           “(B) the Secretary shall, in accordance  
24 with subsection (b), disburse—

1           “(i) 27.5 percent of the revenues de-  
2           scribed in subparagraph (A) to coastal  
3           States and coastal political subdivisions;  
4           and

5           “(ii) 10 percent of the revenues to  
6           coastal States that establish funds in the  
7           treasuries of the coastal States to support  
8           projects and activities relating to alter-  
9           native or renewable energy, energy re-  
10          search and development, energy efficiency,  
11          or conservation.

12          “(2) EXCLUSIONS.—The revenues described in  
13          paragraph (1) do not include—

14               “(A) the qualified outer Continental Shelf  
15               revenues described in the third proviso under  
16               the heading ‘OCEAN ENERGY MANAGEMENT’  
17               under the heading ‘BUREAU OF OCEAN EN-  
18               ERGY MANAGEMENT’ of title I of the Depart-  
19               ment of the Interior, Environment, and Related  
20               Agencies Appropriations Act, 2012 (division E  
21               of Public Law 112–74; 125 Stat. 994);

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

1                   “(C) revenues generated from leases—  
 2                    “(i) subject to—  
 3                      “(I) section 8(g);  
 4                      “(II) section 8(p)(2)(B); or  
 5                      “(III) the Gulf of Mexico Energy  
 6                      Security Act of 2006 (43 U.S.C. 1331  
 7                      note; Public Law 109–432); or  
 8                    “(ii) in the Gulf of Mexico before the  
 9                      date of enactment of the Gulf of Mexico  
 10                     Energy Security Act of 2006 (43 U.S.C.  
 11                     1331 note; Public Law 109–432).

12                   “(3) ALLOCATION AMONG COASTAL STATES  
 13                   AND COASTAL POLITICAL SUBDIVISIONS.—

14                   “(A) IN GENERAL.—Subject to subpara-  
 15                   graph (B), for each fiscal year, the amount  
 16                   made available under paragraph (1) from any  
 17                   lease shall be allocated to each coastal State in  
 18                   amounts (based on a formula established by the  
 19                   Secretary by regulation) that are inversely pro-  
 20                   portional to the respective distances between  
 21                   the point on the coastline of each coastal State  
 22                   that is closest to the geographic center of the  
 23                   applicable leased tract and the geographic cen-  
 24                   ter of the leased tract.

1           “(B) LIMITATION.—The allocable share of  
2 a coastal State is limited to the revenues col-  
3 lected from a leased tract located no more than  
4 200 nautical miles from the coastline of the  
5 coastal State and within the outer Continental  
6 Shelf region of the coastal State.

7           “(C) PAYMENTS TO COASTAL POLITICAL  
8 SUBDIVISIONS.—

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

14           “(ii) ALLOCATION.—The amount paid  
15 by the Secretary to coastal political sub-  
16 divisions shall be allocated to each coastal  
17 political subdivision in accordance with  
18 subparagraphs (B), (C), and (E) of section  
19 31(b)(4).

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

1           “(I) 90 percent shall be allocated  
2           in amounts (based on a formula es-  
3           tablished by the Secretary by regula-  
4           tion) that are inversely proportional to  
5           the respective distances between the  
6           point in each coastal political subdivi-  
7           sion that is closest to the geographic  
8           center of the applicable leased tract  
9           and the geographic center of the  
10          leased tract; and

11           “(II) 10 percent shall be divided  
12          equally among each county-equivalent  
13          subdivision of the State of Alaska, all  
14          or part of which lies within the coastal  
15          zone (as defined in section 304 of the  
16          Coastal Zone Management Act of  
17          1972 (16 U.S.C. 1453)), that—

18           “(aa) is more than 200 nau-  
19          tical miles from the geographic  
20          center of a leased tract; and

21           “(bb) the State of Alaska  
22          determines to be a significant  
23          staging area for oil and gas serv-  
24          icing, supply vessels, operations,  
25          suppliers, or workers.”.



1 **SEC. 3. REVENUE SHARING FOR CERTAIN ONSHORE EN-**  
2 **ERGY SOURCES.**

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

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

13 **SEC. 4. DISTRIBUTION OF REVENUES TO GULF PRODUCING**  
14 **STATES.**

15 (a) DEFINITION OF QUALIFIED OUTER CONTI-  
16 NENTAL SHELF REVENUES.—Section 102(9) of the Gulf  
17 of Mexico Energy Security Act of 2006 (43 U.S.C. 1331  
18 note; Public Law 109–432) is amended by striking sub-  
19 paragraphs (A) and (B) inserting the following:

20 “(A) IN GENERAL.—The term ‘qualified  
21 outer Continental Shelf revenues’ means all  
22 rentals, royalties, bonus bids, and other sums  
23 due and payable to the United States received  
24 on or after October 1, 2013, from leases en-  
25 tered into on or after the date of enactment of  
26 Public Law 109–432 for the portions of the

1 Western Gulf of Mexico planning area, the Cen-  
2 tral Gulf of Mexico planning area, and the  
3 Eastern Gulf of Mexico planning area not sub-  
4 ject to a leasing moratorium under section  
5 104(a) of the Gulf of Mexico Energy Security  
6 Act of 2006 (43 U.S.C. 1331 note; Public Law  
7 109–432).

8 “(B) EXCLUSIONS.—The term ‘qualified  
9 outer Continental Shelf revenues’ does not in-  
10 clude—

11 “(i) the qualified outer Continental  
12 Shelf revenues described in the third pro-  
13 viso under the heading ‘OCEAN ENERGY  
14 MANAGEMENT’ under the heading ‘BUREAU  
15 OF OCEAN ENERGY MANAGEMENT’ of title  
16 I of the Department of the Interior, Envi-  
17 ronment, and Related Agencies Appropria-  
18 tions Act, 2012 (division E of Public Law  
19 112–74; 125 Stat. 994);

20 “(ii) the qualified outer Continental  
21 Shelf revenues described in the third pro-  
22 viso under the heading ‘OFFSHORE SAFETY  
23 AND ENVIRONMENTAL ENFORCEMENT’  
24 under the heading ‘BUREAU OF SAFETY  
25 AND ENVIRONMENTAL ENFORCEMENT’ of

1 title I of the Department of the Interior,  
2 Environment, and Related Agencies Appro-  
3 priations Act, 2012 (division E of Public  
4 Law 112–74; 125 Stat. 995);

5 “(iii) revenues from the forfeiture of a  
6 bond or other surety securing obligations  
7 other than royalties, civil penalties, or roy-  
8 alties taken by the Secretary in-kind and  
9 not sold; or

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

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

18 (1) in subsection (a), in the matter preceding  
19 paragraph (1), by striking “shall deposit” and all  
20 that follows through the period at the end of para-  
21 graph (2)(B) and inserting the following:

22 “shall deposit—

23 “(1) in a special account in the Treasury—

24 “(A) 37.5 percent of qualified outer Conti-  
25 nental Shelf revenues, which the Secretary shall

1 disburse to Gulf producing States in accordance  
 2 with subsection (b); and

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

11 “(2) the remainder of qualified outer Conti-  
 12 nental Shelf revenues in the general fund of the  
 13 Treasury.”;

14 (2) in subsection (b)—

15 (A) in paragraph (1)—

16 (i) by striking “(1) ALLOCATION” and  
 17 all that follows through “subsection  
 18 (a)(2)(A)” in subparagraph (A) and insert-  
 19 ing the following:

20 “(1) ALLOCATION AMONG GULF PRODUCING  
 21 STATES.—

22 “(A) IN GENERAL.—Effective beginning in  
 23 fiscal year 2014, the amount made available  
 24 under subsection (a)(1)(A)”;

25 (ii) in subparagraph (A)—

1 (I) by inserting “each historical  
2 lease site and the geographic center of  
3 the historical lease site, as determined  
4 by the Secretary” after “closest to the  
5 geographic center of”; and

6 (II) by striking “the applicable  
7 leased tract and the geographic center  
8 of the leased tract”; and

9 (iii) by striking subparagraph (B);

10 (B) in paragraph (2), by striking “(2)”  
11 and all that follows through “(C) HISTORICAL  
12 LEASE SITES” and inserting “(B) HISTORICAL  
13 LEASE SITES”;

14 (C) in paragraph (1)(B)(i) (as so redesign-  
15 nated)—

16 (i) by striking “subparagraph (A)(ii)”  
17 and inserting “subparagraph (A)”; and

18 (ii) by striking “December 31, 2015”  
19 and inserting “December 31, 2012”;

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

22 (E) in paragraph (2) (as so redesignated),  
23 in subparagraph (A), by striking “paragraphs  
24 (1) and (2)” and inserting “paragraph (1)”;  
25 and

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

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

5           “(1) DISTRIBUTION TO GULF PRODUCING  
6 STATES.—

7           “(A) IN GENERAL.—Subject to subpara-  
8 graphs (B) and (C), the total amount of quali-  
9 fied outer Continental Shelf revenues distrib-  
10 uted under subsection (a)(1)(A) shall not ex-  
11 ceed \$500,000,000 for fiscal year 2014.

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

18           “(i) fiscal year 2015, \$600,000,000;

19           and

20           “(ii) each of fiscal years 2016 through  
21 2024, the applicable amount for the pre-  
22 vious fiscal year increased by  
23 \$100,000,000.

24           “(C) SUBSEQUENT FISCAL YEARS.—For  
25 fiscal year 2025 and each fiscal year thereafter,

1 all qualified outer Continental Shelf revenues  
2 made available under subsection (a)(1)(A) shall  
3 be made available without limitation for alloca-  
4 tion to the Gulf producing States in accordance  
5 with subsection (b).

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

10 “(A) the Secretary shall reduce the amount  
11 of qualified outer Continental Shelf revenues  
12 provided to each recipient on a pro rata basis;  
13 and

14 “(B) any remainder of the qualified outer  
15 Continental Shelf revenues shall revert to the  
16 general fund of the Treasury.”.

17 **SEC. 5. EFFECTIVE DATE.**

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

○