HJR
24

14-0912
Cook
3/18/85

IN THE SENATE BY STURGULEWSKI

SENATE JOINT RESOLUTION NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - FIRST SESSION

Relating to sharing federal revenue generated from development of the outer continental shelf.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS the State of Alaska is concerned with the potential environmental, economic and social impacts of federal outer continental shelf development activities on its adjacent coastal zone; and

WHEREAS the waters off the coast of Alaska contain 50 percent of the fishery resources in the outer continental shelf of the United States; and

WHEREAS the people of the State of Alaska are critically dependent upon this renewable fisheries resource for both commercial and subsistence use; and

WHEREAS gaps currently exist in the knowledge of these fishery stocks and optimum methods of managing them; and

WHEREAS, because of the fragile nature of Alaska's arctic and subarctic ecosystems, federal outer continental shelf development poses the possibility of severe impacts in coastal areas of the state; and

WHEREAS the development of large-scale energy projects on the outer continental shelf is likely to result in periods of rapid growth followed by difficult periods of economic contraction; and

WHEREAS appropriate precedent exists, as reflected in the Mineral Leasing Act of 1920 and other federal lands leasing programs, to provide financial assistance to states to help mitigate the impacts of resource development on federal lands; and

WHEREAS without federal financial support, the capability of the state to manage its valuable ocean and coastal resources, and to participate as a partner in the outer continental shelf oil and gas leasing program, will be seriously diminished;

BE IT RESOLVED by the Alaska State Legislature that the United States Congress and the President of the United States are respectfully urged to implement a program to share federal revenue generated from development of the outer continental shelf with affected coastal states; and be it

FURTHER RESOLVED that this revenue sharing program should include continued support for the coastal management and coastal energy impact programs; and be it

FURTHER RESOLVED that this revenue sharing program should contain funding for research, management, and rehabilitation activities to mitigate the potential environmental, economic, and social impacts of outer continental shelf energy-related facility development on coastal resources; and be it

FURTHER RESOLVED that this program should also include funding for the conversion of facilities, including docks and harbors developed to support the outer continental shelf leasing program, for use by the fishing industry after leasing program activities are completed in a given area.

COPIES of this resolution shall be sent to the Honorable Ronald Reagan, President of the United States; to the Honorable George Bush, Vice-President of the United States and President of the U.S. Senate; to the Honorable David Stockman, Director, Office of Management and Budget; to the Honorable Donald Hodell, Secretary of the Interior; to the Honorable John S. Herrington, Secretary of Energy; to the Honorable James Baker, Secretary of the Treasury; to the Honorable Malcomb Baldridge, Secretary of Commerce; to the Honorable Walter B. Jones, Chairman, House Committee on Merchant Marine and Fisheries; to the Honorable John C. Danforth, Chairman, Senate Committee on Commerce, Science and Transportation; and to the Honorable Ted

Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young U.S. Representative, members of the Alaska delegation in Congress.

DISTRICT 27:
AKHIOK
CHIGNIK
CHIGNIK LAGOON
CHIGNIK LAKE
CHINIAK
IVANOF BAY
KARLUK
KODIAK
LARSEN BAY
OLD HARBOR
OUZINKIE
PERRYVILLE
PORT LIONS
WOMEN'S BAY

Alaska State Legislature

House of Representatives

REPRESENTATIVE
DAVE THOMPSON
WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-2487
(907) 465-2498
P.O. BOX 75
KODIAK, ALASKA 99615
(H)(907) 486-4899
(LIO)(907) 486-8116

DATE: March 15, 1985

TO: All Legislators

FROM: Rep. Dave Thompson DWT

SUBJECT: Revenue Sharing Resolution

In an effort to keep our concerns for the impact of any outer continental shelf development before the Federal Government, Representative Adelheid Herrmann and I would invite you to be cosponsor of this resolution.

This resolution will be introduced on Monday, March 18, and if you are interested in cosponsoring this resolution, it will be available in the Clerk's office before session.

IN THE HOUSE BY THOMPSON AND HERRMANN

HOUSE JOINT RESOLUTION NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - FIRST SESSION

Relating to sharing federal revenue generated from development of the outer continental shelf.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS the State of Alaska is concerned with the potential environmental, economic and social impacts of federal outer continental shelf development activities on its adjacent coastal zone; and

WHEREAS the waters off the coast of Alaska contain 50 percent of the fishery resources in the outer continental shelf of the United States; and

WHEREAS the people of the State of Alaska are critically dependent upon this renewable fisheries resource for both commercial and subsistence use; and

WHEREAS gaps currently exist in the knowledge of these fishery stocks and optimum methods of managing them; and

WHEREAS, because of the fragile nature of Alaska's arctic and subarctic ecosystems, federal outer continental shelf development poses the possibility of severe impacts in coastal areas of the state; and

WHEREAS the development of large-scale energy projects on the outer continental shelf is likely to result in periods of rapid growth followed by difficult periods of economic contraction; and

WHEREAS appropriate precedent exists, as reflected in the Mineral Leasing Act of 1920 and other federal lands leasing programs, to provide financial assistance to states to help mitigate the impacts of resource development on federal lands; and

WHEREAS without federal financial support, the capability of the state to manage its valuable ocean and coastal resources, and to participate as a partner in the outer continental shelf oil and gas leasing program, will be seriously diminished;

BE IT RESOLVED by the Alaska State Legislature that the United States Congress and the President of the United States are respectfully urged to implement a program to share federal revenue generated from development of the outer continental shelf with affected coastal states; and be it

FURTHER RESOLVED that this revenue sharing program should include continued support for the coastal management and coastal energy impact programs; and be it

FURTHER RESOLVED that this revenue sharing program should contain funding for research, management, and rehabilitation activities to mitigate the potential environmental, economic, and social impacts of outer continental shelf energy-related facility development on coastal resources; and be it

FURTHER RESOLVED that this program should also include funding for the conversion of facilities, including docks and harbors developed to support the outer continental shelf leasing program, for use by the fishing industry after leasing program activities are completed in a given area.

COPIES of this resolution shall be sent to the Honorable Ronald Reagan, President of the United States; to the Honorable George Bush, Vice-President of the United States and President of the U.S. Senate; to the Honorable David Stockman, Director, Office of Management and Budget; to the Honorable Donald Hodell, Secretary of the Interior; to the Honorable John S. Herrington, Secretary of Energy; to the Honorable James Baker, Secretary of the Treasury; to the Honorable Malcomb Baldridge, Secretary of Commerce; to the Honorable Walter B. Jones, Chairman, House Committee on Merchant Marine and Fisheries; to the Honorable John C. Danforth, Chairman, Senate

Committee on Commerce, Science and Transportation; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

HJR 24

MEMORANDUM

May 7, 1985

TO: All Members
Senate Resources Committee

FROM: Staff
Senate Resources Committee

RE: HJR 24 Relating to sharing federal revenue generated from development of the outer continental shelf.

HJR 24 requests the U.S. Congress and the President to implement a program to share federal revenue from development of the outer continental shelf with affected coastal states.

At the present time, there are bills pending in the U.S. Senate (S. 55) and the U.S. House of Representatives (H.R. 624) that would establish outer continental shelf development revenue sharing with coastal states. While HJR 24 does not specifically support either bill, it does support the concept of federal revenue sharing.

The House has had this resolution under consideration and passed it by a vote of 35 yea and 2 nay.

Enclosures:
1. Sectional analysis
2. OCS Revenue Sharing in Alaska by ISER, University of Alaska
3. Letter of support from Alaska Municipal League
4. Coastal Zone Management newsletter
5. S. 55
6. H.R. 624

Sectional Analysis for HJR 24

House Joint Resolution 24 is sponsored by Reps. Thompson, Herrmann, Binkley, Hurley, Martin, Gruenberg, Sund, Grussendorf, Jenkins, Navarre, Taylor, Koponen, Uehling and Cato.

This resolution expresses the sponsors' concerns for the impact of outer continental shelf development activities defined in terms of dependent fishery resources, the fragile nature of the shoreline, and the social and economic problems of rapid growth and contractions.

HJR 24 evokes the precedence of the Mineral Leasing Act of 1920 to mitigate impact by the federal government on States not only with coastal shorelines, but other States so impacted.

Additionally, the bill requests funding for the conversion of on shore facilities, including docks and harbors developed to support the OCS leasing program, for use by the fishing industry after leasing programs are completed.

This bill was prepared with the knowledge of the bills introduced by Senator Ted Stevens and Representative Don Young, but does not specifically endorse these bills. This is a generic endorsement for the principals involved.

ISER RESEARCH SUMMARY

Institute of Social and Economic Research, University of Alaska January 1985, R.S. No. 26

OCS Revenue Sharing in Alaska

Congress in 1984 proposed to share a maximum of 4 percent of federal petroleum revenues from the Outer Continental Shelf (OCS) with Alaska and the other coastal states—a share that would fall far short of the 25 percent or more of resource revenues that states receive from all other federal lands.

This is one of the findings of a recent report by the University of Alaska's Institute of Social and Economic Research. The report, prepared for the Office of the Governor, compares federal revenue-sharing programs for onshore lands with proposed levels of OCS revenue sharing. OCS lands are currently the only public lands from which the federal government keeps all resource revenues—but Congress came close to enacting an OCS revenue-sharing plan last year and will likely consider such plans again.

Existing Revenue-Sharing Programs for Federal Lands

State and local governments have long argued that they should be compensated for federal ownership of land within or adjacent to their boundaries. They feel they deserve compensation because federal ownership of land costs them control of the land and resources and because federal land is immune from state and local taxation. The federal government has accepted some of these arguments, and over the past 80 years has established a number of programs under which state and local governments collect substantial revenues from federal lands.

In its two largest revenue-sharing plans, the federal government distributes to affected states 25 percent of logging and other revenues from national forests and 50 percent of federal mineral-leasing revenues. [1] In addition to these and other programs that share resource revenues, federal "payment in lieu of taxes" programs attempt to replace actual or potential revenues lost by local governments because they are unable to tax federal lands. These programs provide a steady stream of revenue to local governments affected by activities on adjacent federal lands, even if the lands produce no current revenues.

In 1982, the 12 western states containing most federal lands (including Alaska but not Hawaii) received over 800 million dollars in shared resource revenues and an additional 76 million dollars in payments in lieu of taxes.

OCS Revenue-Sharing Proposals

Over the past decade when the federal government has stepped up its OCS leasing program, coastal states have argued for a share of OCS revenues to help them pay for the increased costs that can accompany this national energy program. These costs include increased costs of services resulting from a sharp increase in population and potential environmental costs of oil spills or other industrial accidents. States have maintained that the federal government should compensate them with a significant share of the development revenues from oil production on the OCS, just as it has historically compensated state and local governments for developments on other federal lands.

In 1984, a conference committee of both houses of Congress agreed on an OCS revenue-sharing bill, although Congress ultimately failed to enact it. Under that bill, 4 percent of OCS revenues would be set aside each year, up to a ceiling of $300 million (the ceiling would increase slightly after 1985). Some of this money would be allocated to various coastal programs, and the remainder would be divided among coastal states under a complicated formula. No state could receive more than 15 percent of available revenues each year and would pass on one-third of what they received directly to local governments.

Potential Alaska Production and Revenues

Alaska may have a lot at stake in the federal government's ultimate decision on OCS revenue sharing. Although there have as yet been no commercial

[1] Under the National Forest Revenue Act of 1908, states receive 25 percent of receipts from national forests located within their borders, and then must pass these revenues on to county governments. The Mineral Leasing Act of 1920 provides states with 50 percent of federal receipts from onshore mineral leases (although Alaska, through a special provision, receives 90 percent of most onshore mineral revenues).

discoveries on the Alaska OCS, most analysts believe the region will yield a number of huge fields, most likely in both the Beaufort and Bering Seas.

Figure 1 shows how hypothetical federal OCS royalties might compare with the state's petroleum revenues derived from state leases on the North Slope (most of projected state petroleum revenues). Both North Slope state and OCS revenues in Figure 1 are based on development scenarios that assume moderate oil prices, with production occurring from both the Beaufort and Bering Seas before the turn of the century. We emphasize that these projected OCS revenues are conditional on discovery and development of reserves of a particular size, and are intended just to show the scale these revenues could reach.[2]

The graph in Figure 1 shows that government OCS royalties could reach $1 billion annually (in 1984 dollars) by the mid-1990s, and that by the late 1990s they could exceed the state's North Slope petroleum revenues—which are expected to decline, after adjusting for inflation. Recent Congressional proposals for dividing up those OCS revenues would put almost all of them into the federal treasury and yield the State of Alaska a small amount—perhaps on the order of $20 to $30 million annually.

On the other hand, if Congress would agree to share OCS revenues in the same proportions as it shares other federal resource revenues, Alaska could stand to collect OCS revenues on a scale 10 times larger—perhaps in the neighborhood of $200 to $500 million annually by the end of the century. [redacted]

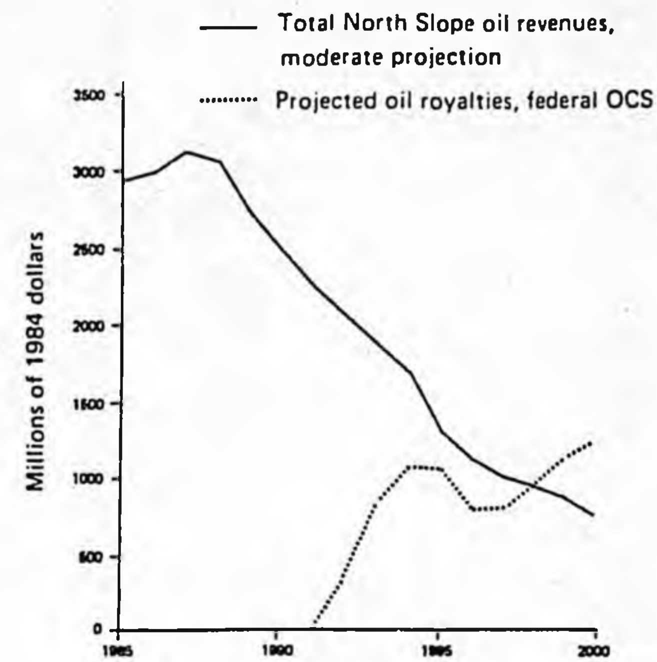

Figure 1. Projected Alaska North Slope Oil Revenues and OCS Royalties

[redacted]

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[2]The OCS royalty projections are based on oil development scenarios published by the Minerals Management Service, U.S. Department of the Interior. They assume a constant real wellhead price of $25 per barrel for Bering Sea oil and $15 per barrel for Beaufort Sea oil, with an average royalty share of one-sixth. Figure 1 does not include any potential state or federal revenues from natural gas.

This **Research Summary** *is based on* **Sharing Revenues from the Outer Continental Shelf and Other Federal Lands**, *44 pp., prepared for the Office of the Governor, State of Alaska, by Matthew Berman and Karen White of the Institute of Social and Economic Research. Copies of this report are available for reproduction costs of 10 cents per page from ISER, 707 A St., Suite 206, Anchorage, Alaska 99501, telephone 278-4621.*

Alaska MUNICIPAL League

TELEPHONES
(907) 586-1325
(907) 586-6526

105 MUNICIPAL WAY, SUITE 301
JUNEAU, ALASKA 99801

TO: Representative Dick Shultz, Co-Chair
Representative Adelheid Herrmann, Co-Chair
Members of the House Resources Committee

FROM: Scott A. Burgess
Executive Director

DATE: April 2, 1985

SUBJECT: HJR 24 - OCS Revenue Sharing

THe Alaska Municipal League supports HJR 24 relating to sharing federal revenue generated from the development of the Outer Continental Shelf (OCS).

At its annual business meeting on November 17, 1984 the membership of the Alaska Municipal League again expressed its support of the program by endorsing enactment by the United States Congress of an OCS Revenue Sharing Program to be funded annually from the proceeds of the oil and gas lease sales on the OCS at the level of at least $300 million. The League further endorses an automatic pass-through of at least one-third of a state's allocation under such a program directly to communities affected by OCS activities. And the League endorses the concept that a state's and community's allocation of OCS Revenue Sharing funds be used for coastal planning and preparation, resources protection programs, construction of capital infrastructure resulting from OCS activity and health and social service needs resulting from OCS activity.

Nautilus
1056 National Press Building
Washington, DC-20004

EDITOR: John R. Botzum

Grogan

Coastal Zone Management

OFFICE OF
MANAGEMENT & BUDGET

JAN 2 8 1985

FIRST NEWSLETTER OF COASTAL RESOURCES DEVELOPMENT, CONSERVATION & ENHANCEMENT

GOVERNMENTAL
COORDINATION

Volume 16, Number 1, January 10, 1985

OCS REVENUE SHARING AND PORT AND WATER RESOURCES DEVELOPMENT PROPOSALS which failed to gain the support of both houses of Congress during the last session, are among the hundreds of bills introduced on the opening day (3Jan) of the 99th Congress. This year, both the Senate and House acted quickly to drop outer continental shelf revenue sharing bills in the hopper. However, the two measures, H.R. 5 and S. 55, introduced by Rep. Walter B. Jones (D-NC), chairman of the House Merchant Marine & Fisheries Committee, and Sen. Ted Stevens (R-AK), respectively, take different approachs to the concept of sharing the revenues of offshore oil and gas development with coastal states.

Jones' measure, with a few modifications, is the same bill which was considered and passed by the House during the last Congress, also numbered H.R. 5 (CZM,15Sep83). The federal Ocean & Coastal Resource Management & Development Fund established under the bill would be financed by taking 10% of the growth in OCS revenues from a base year (1982). Up to $300 million a year of federal revenues from the OCS would be shared with 35 coastal states (including Great Lakes) and territories, beginning in fiscal year 1986. Expenditures from the block grant fund would be subject to the normal appropriations process. The size of each grant would be determined by a five-part formula, which considers leasing activity, OCS petroleum production, coastal energy facilities, shoreline mileage, and coastal population.

Two "substantive ch... " have been incorporated from last year's House-passed bill. First, Jones said, the Natl. Sea Grant Program is no longer eligible to receive direct financial support from the OCS fund. "It was determined," the merchant marine committee chairman remarked, "that Sea Grant was simply incompatible with the block grant framework..." The North Carolina congressman noted that this change is "endorsed" by the Sea Grant community. A second change involves the deletion of a provision addressing certain boundary disputes between the federal and state governments -- i.e., Rep. John Breaux's (D-LA) amendment to immobilize the baseline of a state's boundary once established by a final court decree. Jones noted that while that provision has been deleted, "this controversy is of continued significance, and will be addressed in either this or another context."

Steven's approach, on the other hand, is identical to the legislation that was conferenced between the House and Senate last year (CZM,9Aug84). Under S. 59, the fund would be composed of 4% of all OCS revenues averaged over the preceding three years. The amounts deposited in the fund would be restricted to no more than $300 million in fiscal year 1985, increasing by no more than 105% in subsequent years.

Steven's bill incorporates the five-part allocation formula of H.R. 5, however, there are several modifications. Under the House bill, which stipulates that all of the elements be weighed equally, no state may receive credit for either shoreline mileage or coastal population unless that state has a federally-approved coastal zone management program. On the other hand, S. 55 provides that states without federally-approved CZM programs get only 50% credit under coastal energy facilities, and no state may receive more than 30% credit under shoreline and population elements.

Other differences between the House and Senate versions: H.R. 5 provides that states with federally-approved CZM programs would receive no less than 0.5% of the total amount for block grants during any fiscal year, while Steven's measure calls for 1.62% to coastal states with approved CZM programs and no less than 0.5% to territories with approved programs; and the Senate version does not include the provision in Jones' bill that stipulates that 25% of the grants be earmarked for activities authorized under Coastal Zone Management Act.

Clean water and water resources development bills also were among the first ten legislative initiatives introduced in the House on 3Jan. Rep. James J. Howard (D-NJ), chairman of the House Public Works & Transportation Committee, reintroduced the committee's omnibus water resources legislation which overwhelmingly passed the House last year (CZM,19Jul84). H.R. 6 authorizes six deep-draft navigation projects and establishes a port infrastructure trust fund, which would consist of annual appropriations equivalent to $2 bilion in customs receipts. The fund would finance construction and operation and maintenance of general cargo ports (45 ft. in depth and shallower), 50% of deep-draft port construction (those with depths greater than 45%), and 50% of incremental O&M. Non-federal interests would be responsible for financing the remaining 50%.

A second port development measure, H.R. 45, introduced by Rep. Mario Biaggi (D-NY), separates out Title I from public works' omnibus water resources bill. That title includes a number of provisions offered by the New York congressman during House merchant marine committee consideration of the omnibus bill during the 98th Congress (CZM,12Apr84). Rep. Barbara Mikulski (D-MD) also has introduced a port development vehicle. H.R. 50 would establish federal cost-sharing guidelines for certain port projects.

(continued on next page)

ment, at a 9Jan scoping meeting in Washington DC. The purpose of the meeting -- the federal Office of Ocean & Coastal Resource's first official involvement with the draft program -- was to determine the scope and significance of issues to be addressed in the draft environmental impact statement, which is scheduled to be distributed to the public 15Mar85. The program is expected to gain approval in Sep85.

No formal comments were made by the public at Wednesday's meeting, although representatives from the Navy Dept. and Fairfax County VA appeared to learn more about the state's plan. Buttleman explained that the state's proposed program does not add any new laws or regulations. Instead, it is based on an approach termed "networking," linking existing state programs, agencies and laws into a system which the state believes will meet federal requirements for an "effective" coastal program.

The central feature of Virginia's proposed program is a "core" of six existing regulatory programs that "ensure that critical land or water uses are subject to regulation by the commonwealth. The core programs include: fisheries management (administered by the Marine Resources Commission and the Commission of Game & Inland Fisheries); subaqueous land management (MRC); wetlands management (MRC); nonpoint source pollution control (enforced by the Soil & Water Resources Commission); point source pollution control (implemented by the State Water Control Board); and shoreline sanitation (State Health Dept.).

Virginia's initial participation in the planning phase of the federal program ended in 1979 because of the failure of a comprehensive state coastal zone management bill to gain approval from the General Assembly. Since that time, however, there have been "two major additions to the various arsenal of statutory and regulatory controls over shoreline activities," Buttleman said. This includes the addition of dunes management and non-vegetated wetlands management to the state's existing vegetated wetlands statute.

"We believe that the addition of these two programs fill two major gaps that existed at the last point Virginia participated in the federal program," said Buttleman. He noted that back in 1979, failure to fill those gaps through additional legislation resulted in Virginia and the federal coastal office "parting ways for a couple of years." The Virginia official added that his state also has adopted a set of coastal management goals and a biennial process of review and evaluation of activities "which help achieve those goals."

Two "prime reasons" for Virginia participating in the federal program, Buttleman said, are the funds that would become available this year and maybe in the future, and federal consistency. The commonwealth would be eligible for a grant of $1 million in federal CZM program funds, if their federal coastal program is approved. The Virginia official pointed out that "we are not counting on federal funds to implement our program," as implementation already is occuring with state general funds. The state is proposing to use the money to "augment programs...that complement these regulatory actions." Virginia

II

99TH CONGRESS
1ST SESSION

S. 55

To establish an Ocean and Coastal Resources Management and Development Fund from which coastal States and territories shall receive block grants, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 3, 1985

Mr. STEVENS (for himself and Mr. MURKOWSKI) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

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A BILL

To establish an Ocean and Coastal Resources Management and Development Fund from which coastal States and territories shall receive block grants, and for other purposes.

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

SHORT TITLE

SEC. 101. This title may be cited as the "Ocean and Coastal Resources Management and Development Block Grant Act".

FINDINGS

SEC. 102. The Congress finds and declares that—

be invested in management and scientific research efforts to enhance the use, conservation, and understanding of renewable ocean and coastal resources;

(6) the Mineral Leasing Act of 1920 and other Federal lands leasing programs presently provide financial support to States affected by resource development on onshore Federal lands, while no comparable Federal program exists to provide such support to States affected by mineral extraction from the Outer Continental Shelf;

(7) without Federal financial support, the capability of States and localities to manage ocean and coastal resources, as well as to participate as partners in the Outer Continental Shelf Oil and Gas Leasing Program, will be seriously diminished; and

(8) it is in the national interest to maintain support for State management of ocean and coastal resources through activities in fisheries management, coastal zone management, coastal energy impact assistance, long-range scientific research, and other ocean and coastal resource management programs.

DEFINITIONS

SEC. 103. For purposes of this title—

(1) "block grant" means a National Ocean and Coastal Resources Management and Development Block Grant;

cluding those associated with ocean thermal energy conversion; and (ix) pipelines, transmission facilities, and terminals associated with any of the foregoing.

For the purposes of this Act, the siting, construction, expansion, or operation of any coastal-related energy facilities is "in close proximity to the coastal zone of any State" if such siting, construction, expansion, or operation has, or is likely to have, a significant effect on such coastal zone.

(4) "coastal State" means the Commonwealth of Puerto Rico and any State of the United States in, or bordering on, the Atlantic Ocean, the Pacific Ocean, the Arctic Ocean, the Gulf of Mexico, Long Island Sound, or one or more of the Great Lakes;

(5) "coastal territory" means the Virgin Islands, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, American Samoa, or Guam;

(6) "Fund" means the Ocean and Coastal Resources Management and Development Fund;

(7) "Institute" means the National Coastal Resources Research and Development Institute;

(8) "local government" means that term as defined in section 304(11) of the Coastal Zone Management Act of 1972 (16 U.S.C. 1453(11)) and, with respect to the State of Alaska, the term includes unin-

average amount of all sums deposited in the Treasury of the United States pursuant to section 9 of the Outer Continental Shelf Lands Act (43 U.S.C. 1338) during the three previous fiscal years.

(2) The amount deposited in the Fund in fiscal year 1985 shall not exceed $300,000,000. Beginning in fiscal year 1986, and in each fiscal year thereafter, the amount deposited in the Fund shall not exceed 105 per centum of the amount deposited in the Fund in the prior fiscal year.

(c) As provided in advance by appropriation Acts, the Secretary shall use the total amount of any amounts deposited in the Fund during each fiscal year to carry out the purposes of, and in accordance with, the provisions of sections 105 and 108 of this title.

NATIONAL OCEAN AND COASTAL RESOURCES MANAGEMENT AND DEVELOPMENT BLOCK GRANTS

SEC. 105. (a) Subject to the provisions of section 104(c) and this section, for fiscal year 1986 and for each subsequent fiscal year, the Secretary shall provide to each State a national ocean and coastal resources management and development block grant from amounts paid into the Fund during such fiscal year under section 104(b).

(b)(1) No State may receive a block grant for a fiscal year unless such State has submitted to the Secretary a report for such fiscal year that—

(A) the amount of actual leasing with respect to oil and gas which is carried out under the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) during the previous fiscal year which occurs within the Outer Continental Shelf planning area to which such State is adjacent; and

(B) the volume of oil and gas produced from Outer Continental Shelf acreage leased by the Federal Government which is first landed in such State during the previous fiscal year.

(2) For each State, any proposed oil and gas lease sales specified by the Outer Continental Shelf Leasing Program prepared under section 18(a) of the Outer Continental Shelf Lands Act (43 U.S.C. 1344(a)) and scheduled to occur within the Outer Continental Shelf planning area to which such State is adjacent.

(3) The coastal-related energy facilities (including coal facilities) located within each State during the previous fiscal year. For any State for which the Secretary has not approved a Coastal Zone Management Program under section 306 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1455), this criterion shall be reduced by 50 per centum. The amounts resulting from such reduction shall be reallocated proportionately, under this paragraph, among States for

If any State would receive an allotment greater than 30 per centum, the Secretary shall reduce such allotment to 30 per centum. The amounts resulting from such reduction shall be reallocated proportionately among these States that receive less than 30 per centum of the amounts attributable to such criterion.

(f)(1) For States for which the Secretary has approved a Coastal Zone Management Program under section 306 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1455), a coastal State shall receive not less than 1.62 per centum, and a coastal territory not less than one-half of 1 per centum, of the total amount available for block grants under section 104(c) during any fiscal year.

(2) If, after the calculations required under subsection (d), any coastal State or coastal territory is to receive a block grant that is less than the respective minimum grant levels established under paragraph (1), the Secretary shall increase such State's block grant to the minimum level. Amounts necessary to make such increases shall be derived by reducing proportionately the block grant of each State which, as determined under subsection (d), exceeds the respective minimum level under paragraph (1).

(3) For the purposes of the implementation of section 106(b), block grant levels may fall below the respective minimum levels established under this section.

(3) activities of such State for the enhancement, management and development of living marine resources; and

(4) activities of such State for the preservation, enhancement and management of its natural resources including coastal habitats.

(b) Nothing in this Act shall be construed to repeal or modify, by implication or otherwise, section 312 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1461). The Secretary shall reduce any block grant, provided under this Act to a State that has an approved program under section 306 of the Coastal Zone Management Act (16 U.S.C. 1455), by no more than 30 per centum of the amount of such State's block grant that is attributable to paragraphs (4) and (5) of section 105(d) of this title, if the Secretary makes the determination provided in section 312(c) of the Coastal Zone Management Act.

LOCAL GOVERNMENTS

SEC. 107. (a) Each State receiving a block grant in any fiscal year under section 105(a) shall—

(1) establish an effective mechanism for consultation and coordination with its local governments with respect to the allocation of such block grant within the State; and

)) The Institute shall seek to conduct basic and applied ch and carry out educational and demonstration ts designed to promote the efficient and responsible de- nent of ocean and coastal resources, including Arctic ·ces. Such activities shall be based on biological, geo- l, genetic, economic and other scientific research appli- to the purposes of this section and shall include studies ; economic development and diversification and environ- ıl protection of the Nation's coastal areas.

'c) (1) The policies of the Institute shall be established ıdministered by a Board of Governors composed of—

(A) two representatives appointed by the Governor of Oregon;

(B) one representative appointed by the Governor of Alaska;

(C) one representative appointed by the Governor of Washington;

(D) one representative appointed by the Governor of California; and

(E) one representative appointed by the Governor of Hawaii.

(2) The Board of Governors shall select and fund, on a naily competitive basis, research proposals, projects, and es designed to promote the efficient and responsible eco- c development of ocean, coastal and Arctic resources.

for the purpose of audit and examination, to any books, documents, papers, and records of the Institute that are pertinent to the funds received under this section.

(i) Employees of the Institute shall not, by reason of such employment, be considered to be employees of the Federal Government for any purpose.

(j) For the purposes of this section, there are authorized to be appropriated from the Fund in each fiscal year an amount equal to, but not more than, 1.5 per centum of the amount appropriated under section 104(c) in such fiscal year, commencing with fiscal year 1986.

AUDIT

SEC. 109. (a) Under regulations promulgated by the Secretary, any State receiving a block grant under section 105(a) shall, for each fiscal year that it receives such grant, submit to the Secretary a financial audit of the trust fund established pursuant to section 105(c). The income derived from such trust fund for each fiscal year shall be included in the audit required by this section.

(b) Each audit submitted by a State under subsection (a) shall—

(1) contain a statement of all funds provided by the block grant received by such State for the fiscal year;

(3) make a final determination.

(d) If the Secretary makes a final determination under subsection (c)(3) that all or any part of such funds were used as required by this Act, the Secretary shall—

(1) provide in writing to the State the reasons for the determination and the amount of funds misused; and

(2) take appropriate action to recover an amount equal to that determined to have been misused under subsection (c), including the withholding of such amount from a State's future block grant or the amount which may have been suspended under subsection (c)(1).

(e) If no appeal of the final determination is filed within sixty days following notification to the State of the final determination, any funds withheld or recovered by the Secretary under subsection (d)(2) shall be returned to the Fund.

(f) If an appeal of the final determination is filed within the sixty-day period specified in subsection (e), any funds withheld by the Secretary shall be held in escrow until such time as a final determination is made of the appeal.

RULES AND REGULATIONS

SEC. 110. Within one hundred and eighty days of enactment of this Act, the Secretary shall promulgate, pursuant to section 553 of title 5, United States Code, after notice and opportunity for participation by relevant Federal agencies, I

99TH CONGRESS
1ST SESSION

H. R. 624

To establish a Coastal Resource and Economic Development Fund in the Treasury of the United States, to provide grants to coastal States, and to units of local coastal government to enhance coastal resources, the coastal environment, and to foster the economic well-being of the coastal area.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 22, 1985

Mr. YOUNG of Alaska introduced the following bill; which was referred jointly to the Committees on Merchant Marine and Fisheries and Interior and Insular Affairs

---

A BILL

To establish a Coastal Resource and Economic Development Fund in the Treasury of the United States, to provide grants to coastal States, and to units of local coastal government to enhance coastal resources, the coastal environment, and to foster the economic well-being of the coastal area.

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

SHORT TITLE

SECTION 1. This Act shall be cited as the "Coastal Resource and Economic Development Grant Act of 1985".

SEC. 2. DEFINITIONS.—For the purposes of this Act—

erns a geographical area located entirely in a coastal State and located on or adjacent to a coastline, or within an area impacted by operations conducted pursuant to this Act, as determined by the Secretary;

(c) the term "coastline" means the line of ordinary low water along the portion of the coast which is in direct contact with the open sea, or with any of the Great Lakes, and the line marking the seaward limit of inland waters;

(d) the term "Governor" means the Governor or chief executive officer of any coastal State, or the individual or entity designated by the Governor to exercise the powers granted to such Governor or chief executive officer under this subsection;

(e) the term "Secretary" means the Secretary of the Treasury; and

(f) the term "coastal related energy facilities" means any equipment or facility which, (A) is or will be used primarily in the exploration for, or the development, production, conversion, storage, transfer, processing, or transportation of, any energy resource or for the manufacture, production, or assembly of equipment, machinery, products, or devices which are involved in any such energy-resource activity, and (B) is, or is operation has, or is likely to have, a significant effect on such coastal zone.

COASTAL RESOURCE AND ECONOMIC DEVELOPMENT FUND

SEC. 3(a). Upon enactment, the Secretary shall establish a fund in the Treasury of the United States to be known as the Coastal Resource and Economic Development Fund (hereafter referred to as the "Fund").

(b) The amount to be deposited annually in the Fund shall be the greater of $150,000,000 or 3 per centum (not to exceed $350,000,000) of revenues from bonuses and royalties deposited annually in the Treasury of the United Stated pursuant to section 9 of the Outer Continental Shelf Lands Act (43 U.S.C. 1338).

DISPOSITION OF GRANTS FROM FUND

SEC. 4(a)(1). During the fiscal year ending September 30, 1986, and during each fiscal year ending after September 30, 1986, the Secretary shall pay to the Governor of each coastal State and to each unit of local coastal government, from sums deposited in the Fund during that fiscal year pursuant to section 4, an amount certified to the Secretary by the Secretary of the Interior pursuant to subsections (b) and (c), and an amount certified to the Secretary by the Secretary of Commerce pursuant to subsection (d).

(2) For the purposes of this subsection, 85 per centum of the total moneys in the Fund for payments to coastal States

(3) For tracts within two hundred and fifty miles of more than one coastal State, the amount of revenues certified shall be calculated as in paragraph (2) but divided among the coastal States in a manner inversely proportional to their relative distances from the tract.

(4) If a straight line could not be drawn from a tract to the outer edge of a coastal State's territorial sea without crossing the land mass of another State, the coastal State shall get no share of the revenues from the tract.

(c) Pursuant to subsection (a), the Secretary of the Department of Commerce shall certify an amount to be paid to each State based upon the ratio of the amount of coastal-related energy facilities (including coal facilities) located within that coastal State, in relationship to the amount of coastal-related energy facilities located in all of the coastal States, during the previous fiscal year.

(d)(1) From the amounts certified by the Secretaries of the Departments of the Interior and Commerce, pursuant to subsections (b) and (c), 50 per centum shall be distributed to each coastal unit of local government as specified in this subsection.

(2) Each amount certified pursuant to paragraph (1) to be paid during a fiscal year to a unit of local coastal government shall be proportional, as much as possible, to the total of all amounts certified pursuant to paragraph (1) to be paid

tary of the Department of Commerce shall receive at least $2,500,000 under this section.

(g) If for any reason at the end of a fiscal year all sums deposited into the Fund during that fiscal year are not fully obligated and paid, the Secretary shall return such funds to the general fund of the Treasury as miscellaneous receipts.

(h)(1) The Secretary shall ensure that an amount equal to not less than 25 per centum of each amount paid to the Governor of a coastal State during a fiscal year pursuant to subsections (b) and (c) is used by such Governor for activities including, but not limited to, activities relating to the management of coastal resources, scientific research, and fisheries development, which the Governor determines are of assistance to local coastal communities impacted by the operations of this Act and, in the case of Alaska, that are located within the boundaries of Coastal Resource Areas established pursuant to the Alaska Coastal Management Act.

(2) The Secretary shall ensure that each amount paid to a unit of local coastal government of a coastal State during a fiscal year pursuant to subsection (d) is not used to replace funds which such coastal State would provide to units of local coastal government if such amount were not paid to the units of local coastal government.

(3) The Secretary of the Treasury shall pay to the Governor of the State of Alaska any amount certified by the Sec-

AUTHORIZATION OF APPROPRIATIONS

SEC. 5. For the fiscal year ending on September 30, 1986, and for each fiscal year ending after September 30, 1986, there is authorized to be appropriated to the Secretary of the Treasury such sums as may be necessary to carry out section 4 of this Act, not to exceed $350,000,000 per fiscal year.

○

DISTRICT 27:
AKHIOK
CHIGNIK
CHIGNIK LAGOON
CHIGNIK LAKE
CHINIAK
IVANOF BAY
KARLUK
KODIAK
LARSEN BAY
OLD HARBOR
OUZINKIE
PERRYVILLE
PORT LIONS
WOMEN'S BAY

Alaska State Legislature

House of Representatives

REPRESENTATIVE
DAVE THOMPSON
WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-2487
(907) 465-2498
P.O. BOX 75
KODIAK, ALASKA 99615
(H)(907) 486-4899
(LIO)(907) 486-8116

DATE: March 15, 1985

TO: All Legislators

FROM: Rep. Dave Thompson DWT

SUBJECT: Revenue Sharing Resolution

In an effort to keep our concerns for the impact of any outer continental shelf development before the Federal Government, Representative Adelheid Herrmann and I would invite you to be cosponsor of this resolution.

This resolution will be introduced on Monday, March 18, and if you are interested in cosponsoring this resolution, it will be available in the Clerk's office before session.

IN THE HOUSE BY THOMPSON AND HERRMANN

HOUSE JOINT RESOLUTION NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - FIRST SESSION

Relating to sharing federal revenue generated from development of the outer continental shelf.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS the State of Alaska is concerned with the potential environmental, economic and social impacts of federal outer continental shelf development activities on its adjacent coastal zone; and

WHEREAS the waters off the coast of Alaska contain 50 percent of the fishery resources in the outer continental shelf of the United States; and

WHEREAS the people of the State of Alaska are critically dependent upon this renewable fisheries resource for both commercial and subsistence use; and

WHEREAS gaps currently exist in the knowledge of these fishery stocks and optimum methods of managing them; and

WHEREAS, because of the fragile nature of Alaska's arctic and subarctic ecosystems, federal outer continental shelf development poses the possibility of severe impacts in coastal areas of the state; and

WHEREAS the development of large-scale energy projects on the outer continental shelf is likely to result in periods of rapid growth followed by difficult periods of economic contraction; and

WHEREAS appropriate precedent exists, as reflected in the Mineral Leasing Act of 1920 and other federal lands leasing programs, to provide financial assistance to states to help mitigate the impacts of resource development on federal lands; and

WHEREAS without federal financial support, the capability of the state to manage its valuable ocean and coastal resources, and to participate as a partner in the outer continental shelf oil and gas leasing program, will be seriously diminished;

BE IT RESOLVED by the Alaska State Legislature that the United States Congress and the President of the United States are respectfully urged to implement a program to share federal revenue generated from development of the outer continental shelf with affected coastal states; and be it

FURTHER RESOLVED that this revenue sharing program should include continued support for the coastal management and coastal energy impact programs; and be it

FURTHER RESOLVED that this revenue sharing program should contain funding for research, management, and rehabilitation activities to mitigate the potential environmental, economic, and social impacts of outer continental shelf energy-related facility development on coastal resources; and be it

FURTHER RESOLVED that this program should also include funding for the conversion of facilities, including docks and harbors developed to support the outer continental shelf ~~leasing~~ development, program, for use by the ~~fishing industry~~ STATES COASTAL RESOURCE RELATED INDUSTRIES after ~~leasing~~ Production/Development and program activities are completed in a given area.

COPIES of this resolution shall be sent to the Honorable Ronald Reagan, President of the United States; to the Honorable George Bush, Vice-President of the United States and President of the U.S. Senate; to the Honorable David Stockman, Director, Office of Management and Budget; to the Honorable Donald Hodell, Secretary of the Interior; to the Honorable John S. Herrington, Secretary of Energy; to the Honorable James Baker, Secretary of the Treasury; to the Honorable Malcomb Baldridge, Secretary of Commerce; to the Honorable Walter B. Jones, Chairman, House Committee on Merchant Marine and Fisheries; to the Honorable John C. Danforth, Chairman, Senate

Committee on Commerce, Science and Transportation; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

99TH CONGRESS
1ST SESSION

S. 55

To establish an Ocean and Coastal Resources Management and Development Fund from which coastal States and territories shall receive block grants, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 3, 1985

Mr. STEVENS (for himself and Mr. MURKOWSKI) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

---

A BILL

To establish an Ocean and Coastal Resources Management and Development Fund from which coastal States and territories shall receive block grants, and for other purposes.

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

SHORT TITLE

SEC. 101. This title may be cited as the "Ocean and Coastal Resources Management and Development Block Grant Act".

FINDINGS

SEC. 102. The Congress finds and declares that—

(1) it is in the interest of the United States, for both economic and national security reasons, to provide expeditious and orderly development of Outer Continental Shelf oil and gas resources;

(2) the primary benefits of the Outer Continental Shelf Leasing Program accrue to the entire Nation in the form of direct revenues and increased national energy security;

(3) while State and local governments may benefit from Outer Continental Shelf leasing activity, these benefits are less pronounced and less direct than those accruing to the Nation. Outer Continental Shelf oil and gas activity often requires significant investment on the part of State and local governments in planning for and providing public services and facilities necessitated by such activity;

(4) offshore energy development may cause adverse environmental impacts throughout the coastal areas of the United States and require States and local governments to assume additional responsibilities at a time when they do not possess the necessary financial resources;

(5) because the revenues of the Outer Continental Shelf Program are derived from the development of nonrenewable offshore mineral resources, they should

be invested in management and scientific research efforts to enhance the use, conservation, and understanding of renewable ocean and coastal resources;

(6) the Mineral Leasing Act of 1920 and other Federal lands leasing programs presently provide financial support to States affected by resource development on onshore Federal lands, while no comparable Federal program exists to provide such support to States affected by mineral extraction from the Outer Continental Shelf;

(7) without Federal financial support, the capability of States and localities to manage ocean and coastal resources, as well as to participate as partners in the Outer Continental Shelf Oil and Gas Leasing Program, will be seriously diminished; and

(8) it is in the national interest to maintain support for State management of ocean and coastal resources through activities in fisheries management, coastal zone management, coastal energy impact assistance, long-range scientific research, and other ocean and coastal resource management programs.

DEFINITIONS

SEC. 103. For purposes of this title—

(1) "block grant" means a National Ocean and Coastal Resources Management and Development Block Grant;

(2) "coastal population" means that term as defined in regulations issued on May 17, 1982, at 15 CFR Part 927;

(3) "coastal-related energy facilities" means any equipment or facility that (A) is or will be used primarily in the exploration for, or the development, production, conversion, storage, transfer, processing, or transportation of, any energy resource or for the manufacture, production, or assembly of equipment, machinery, products, or devices that are involved in any such energy-resource activity, and (B) is, or is likely to be, sited, constructed, expanded, or operated in, or in close proximity to, the coastal zone of any State because of technical requirements;

The term includes, (i) electric generating plants; (ii) facilities associated with the transportation, transfer, or storage of coal; (iii) petroleum refineries and associated facilities; (iv) gasification plants; (v) facilities associated with the transportation, conversion, treatment, transfer, or storage of liquefied natural gas; (vi) oil and gas facilities, including platforms, assembly plants, storage depots, tank farms, crew and supply bases, and refining complexes; (vii) facilities, including deepwater ports, for the transfer of petroleum; (viii) facilities used for alternative ocean energy activities, including those associated with ocean thermal energy conversion; and (ix) pipelines, transmission facilities, and terminals associated with any of the foregoing.

For the purposes of this Act, the siting, construction, expansion, or operation of any coastal-related energy facilities is "in close proximity to the coastal zone of any State" if such siting, construction, expansion, or operation has, or is likely to have, a significant effect on such coastal zone.

(4) "coastal State" means the Commonwealth of Puerto Rico and any State of the United States in, or bordering on, the Atlantic Ocean, the Pacific Ocean, the Arctic Ocean, the Gulf of Mexico, Long Island Sound, or one or more of the Great Lakes;

(5) "coastal territory" means the Virgin Islands, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, American Samoa, or Guam;

(6) "Fund" means the Ocean and Coastal Resources Management and Development Fund;

(7) "Institute" means the National Coastal Resources Research and Development Institute;

(8) "local government" means that term as defined in section 304(11) of the Coastal Zone Management Act of 1972 (16 U.S.C. 1453(11)) and, with respect to the State of Alaska, the term includes unin-

corporated communities, including Alaska Native villages;

(9) "Outer Continental Shelf planning area" means one of the geophysical regions of the Outer Continental Shelf which is so designated in the Outer Shelf Leasing Program (43 U.S.C. 1344) dated July 21, 1982, or as so designated in subsequent Outer Continental Shelf Leasing Programs;

(10) "proportionately" means in the same ratio as a State's allocation;

(11) "Secretary" means the Secretary of Commerce;

(12) "shoreline mileage" means that term as defined in regulations issued on May 17, 1982, at 15 CFR Part 927; and

(13) "State" means any coastal State or coastal territory.

OCEAN AND COASTAL RESOURCES MANAGEMENT AND DEVELOPMENT FUND

SEC. 104. (a) There is established in the Treasury of the United States a fund to be known as the Ocean and Coastal Resources Management and Development Fund.

(b)(1) Beginning in fiscal year 1986 and in each fiscal year thereafter, the Secretary of the Treasury shall deposit into the Fund, not later than sixty days after the end of the previous fiscal year, an amount equal to 4 per centum of the average amount of all sums deposited in the Treasury of the United States pursuant to section 9 of the Outer Continental Shelf Lands Act (43 U.S.C. 1338) during the three previous fiscal years.

(2) The amount deposited in the Fund in fiscal year 1985 shall not exceed $300,000,000. Beginning in fiscal year 1986, and in each fiscal year thereafter, the amount deposited in the Fund shall not exceed 105 per centum of the amount deposited in the Fund in the prior fiscal year.

(c) As provided in advance by appropriation Acts, the Secretary shall use the total amount of any amounts deposited in the Fund during each fiscal year to carry out the purposes of, and in accordance with, the provisions of sections 105 and 108 of this title.

NATIONAL OCEAN AND COASTAL RESOURCES MANAGEMENT AND DEVELOPMENT BLOCK GRANTS

SEC. 105. (a) Subject to the provisions of section 104(c) and this section, for fiscal year 1986 and for each subsequent fiscal year, the Secretary shall provide to each State a national ocean and coastal resources management and development block grant from amounts paid into the Fund during such fiscal year under section 104(b).

(b)(1) No State may receive a block grant for a fiscal year unless such State has submitted to the Secretary a report for such fiscal year that—

(A) specifies the proposed allocation by such State of the block grant among coastal zone management activities, coastal energy impact activities, living marine resource activities, and natural resource preservation, enhancement, and management activities under section 106(a); and

(B) describes each proposed activity receiving funds provided by the block grant and the amounts proposed to be expended for each activity.

(2) In order to be eligible to receive a block grant pursuant to this Act and before submitting the report required under paragraph (1), each State shall provide opportunities for the public to review and comment on the report and shall hold at least one public hearing on such report at a site in the State convenient for encouraging maximum public participation.

(c) A block grant shall not be paid from the Fund to a State until the State has established a trust fund for the receipt of such grant.

(d) The amount of each block grant provided under subsection (a) shall be determined by the Secretary under a formula established by the Secretary which gives equal consideration to each of the following criteria:

(1) For each State, the equal combination of—

(A) the amount of actual leasing with respect to oil and gas which is carried out under the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) during the previous fiscal year which occurs within the Outer Continental Shelf planning area to which such State is adjacent; and

(B) the volume of oil and gas produced from Outer Continental Shelf acreage leased by the Federal Government which is first landed in such State during the previous fiscal year.

(2) For each State, any proposed oil and gas lease sales specified by the Outer Continental Shelf Leasing Program prepared under section 18(a) of the Outer Continental Shelf Lands Act (43 U.S.C. 1344(a)) and scheduled to occur within the Outer Continental Shelf planning area to which such State is adjacent.

(3) The coastal-related energy facilities (including coal facilities) located within each State during the previous fiscal year. For any State for which the Secretary has not approved a Coastal Zone Management Program under section 306 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1455), this criterion shall be reduced by 50 per centum. The amounts resulting from such reduction shall be reallocated proportionately, under this paragraph, among States for

which the Secretary has approved such a management program.

(4) The shoreline mileage of each State for which the Secretary has approved a Coastal Zone Management Program under section 306 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1455).

(5) The coastal population of each State for which the Secretary has approved a Coastal Zone Management Program under section 306 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1455).

(e) For purposes of paragraphs (4) and (5) of subsection (d)—

(1) the Secretary shall be presumed to have approved the Coastal Zone Management Program of any State if the Secretary determines that, in any fiscal year, such State is making satisfactory progress toward the development of a Coastal Zone Management Program which will be approvable under section 306 of the Coastal Zone Management Act (16 U.S.C. 1455). Such presumption may be renewed only once and for a period not to exceed one additional fiscal year if the Secretary makes such determination under this subsection for such additional fiscal year; and

(2) a State shall not receive in excess of 30 per centum of the amounts attributable to either criterion.

If any State would receive an allotment greater than 30 per centum, the Secretary shall reduce such allotment to 30 per centum. The amounts resulting from such reduction shall be reallocated proportionately among these States that receive less than 30 per centum of the amounts attributable to such criterion.

(f)(1) For States for which the Secretary has approved a Coastal Zone Management Program under section 306 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1455), a coastal State shall receive not less than 1.62 per centum, and a coastal territory not less than one-half of 1 per centum, of the total amount available for block grants under section 104(c) during any fiscal year.

(2) If, after the calculations required under subsection (d), any coastal State or coastal territory is to receive a block grant that is less than the respective minimum grant levels established under paragraph (1), the Secretary shall increase such State's block grant to the minimum level. Amounts necessary to make such increases shall be derived by reducing proportionately the block grant of each State which, as determined under subsection (d), exceeds the respective minimum level under paragraph (1).

(3) For the purposes of the implementation of section 103(b), block grant levels may fall below the respective minimum levels established under this section.

(g) If, after the calculations required under subsections (d), (e) and (f), any State would receive a block grant which is greater than 15 per centum of the funds appropriated under section 104(c), the Secretary shall reduce such State's block grant to 15 per centum. The amounts resulting from such reduction shall be reallocated proportionately among States receiving less than 15 per centum of such funds and more than the minimum grant levels under subsection (f).

REQUIREMENTS ON THE USE OF BLOCK GRANTS

SEC. 106. Block grants provided to a State under section 105(a) shall be used for the enhancement and management of ocean and coastal resources and for the amelioration of any adverse impacts that result from the siting, construction, expansion, or operation of coastal-related energy facilities.

(a) Such block grants shall be used only for each of the following activities:

(1) activities of such State authorized by the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.);

(2) activities of such State pursuant to the Coastal Energy Impact Program administered under section 308 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1457);

(3) activities of such State for the enhancement, management and development of living marine resources; and

(4) activities of such State for the preservation, enhancement and management of its natural resources including coastal habitats.

(b) Nothing in this Act shall be construed to repeal or modify, by implication or otherwise, section 312 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1461). The Secretary shall reduce any block grant, provided under this Act to a State that has an approved program under section 306 of the Coastal Zone Management Act (16 U.S.C. 1455), by no more than 30 per centum of the amount of such State's block grant that is attributable to paragraphs (4) and (5) of section 105(d) of this title, if the Secretary makes the determination provided in section 312(c) of the Coastal Zone Management Act.

LOCAL GOVERNMENTS

SEC. 107. (a) Each State receiving a block grant in any fiscal year under section 105(a) shall—

(1) establish an effective mechanism for consultation and coordination with its local governments with respect to the allocation of such block grant within the State; and

(2) provide to its local governments allocations from such block grant, taking into consideration the responsibilities of the local governments in carrying out activities under section 106(a).

(b) In carrying out its responsibilities under subsection (a)(2), the State shall give particular emphasis to the activities of local governments in—

(1) providing public services and public facilities required as a result of the siting, construction, expansion, or operation of coastal-related energy facilities; and

(2) preventing, reducing, or ameliorating any unavoidable loss of valuable environmental or recreational resources if such loss results from the siting, construction, expansion, or operation of coastal-related energy facilities.

(c) In carrying out its responsibilities under this section, each State shall provide no less than 33⅓ per centum of each block grant received under section 105(a) to its local governments.

NATIONAL COASTAL RESOURCES RESEARCH AND DEVELOPMENT INSTITUTE

SEC. 108. (a) The Secretary shall provide for the establishment of a National Coastal Resources Research and Development Institute to be administered in affiliation with the Oregon State University Marine Science Center.

(b) The Institute shall seek to conduct basic and applied research and carry out educational and demonstration projects designed to promote the efficient and responsible development of ocean and coastal resources, including Arctic resources. Such activities shall be based on biological, geological, genetic, economic and other scientific research applicable to the purposes of this section and shall include studies on the economic development and diversification and environmental protection of the Nation's coastal areas.

(c) (1) The policies of the Institute shall be established and administered by a Board of Governors composed of—

(A) two representatives appointed by the Governor of Oregon;

(B) one representative appointed by the Governor of Alaska;

(C) one representative appointed by the Governor of Washington;

(D) one representative appointed by the Governor of California; and

(E) one representative appointed by the Governor of Hawaii.

(2) The Board of Governors shall select and fund, on a nationally competitive basis, research proposals, projects, and studies designed to promote the efficient and responsible economic development of ocean, coastal and Arctic resources.

(d)(1) The Board of Governors shall establish an Advisory Council composed primarily of specialists in ocean and coastal resources from the academic community but which shall include appropriate representation from ocean and coastal user groups.

(2) To the maximum extent practicable, the Advisory Council shall be composed of individuals from every coastal region of the Nation.

(3) The Advisory Council shall advise the Board of Governors on its recommendations regarding proposals, projects, and studies which are presented to the Board of Governors.

(e) The Institute shall be administered by a Director who shall be appointed by the chancellor of the Oregon Board of Higher Education in consultation with the Board of Governors. The Director shall report to the Board of Governors.

(f) The Secretary shall conduct an ongoing evaluation of the activities of the Institute to ensure that funds received by the Institute under this section are used in a manner consistent with the provisions of this section.

(g) The Institute shall report to the Secretary on its activities within two years after the date of enactment of this Act.

(h) The Comptroller General of the United States, and any of his duly authorized representatives, shall have access, for the purpose of audit and examination, to any books, documents, papers, and records of the Institute that are pertinent to the funds received under this section.

(i) Employees of the Institute shall not, by reason of such employment, be considered to be employees of the Federal Government for any purpose.

(j) For the purposes of this section, there are authorized to be appropriated from the Fund in each fiscal year an amount equal to, but not more than, 1.5 per centum of the amount appropriated under section 104(c) in such fiscal year, commencing with fiscal year 1986.

AUDIT

SEC. 109. (a) Under regulations promulgated by the Secretary, any State receiving a block grant under section 105(a) shall, for each fiscal year that it receives such grant, submit to the Secretary a financial audit of the trust fund established pursuant to section 105(c). The income derived from such trust fund for each fiscal year shall be included in the audit required by this section.

(b) Each audit submitted by a State under subsection (a) shall—

(1) contain a statement of all funds provided by the block grant received by such State for the fiscal year;

(2) include a statement of all financial assistance provided to such State's local governments pursuant to section 107;

(3) be conducted by an entity which is independent of any agency or official administering or using funds provided by such block grant; and

(4) be conducted in accordance with the financial and compliance element of the standards for audit of governmental organizations, activities, and functions established by the Comptroller General of the United States.

(c) After receiving a State's financial audit under this section, the Secretary shall—

(1) make a preliminary evaluation of each audit submitted pursuant to this section. If the Secretary determines, in the preliminary evaluation of a State's audit, that all or any part of the block grant has not been used as required by this Act, the Secretary shall publish notice of this finding in the Federal Register. In addition, the Secretary may suspend, and place in escrow, an amount from any future block grant which is equivalent to the amount misused, pending final determination pursuant to paragraph (3);

(2) provide the State with an opportunity for a hearing; and

(3) make a final determination.

(d) If the Secretary makes a final determination under subsection (c)(3) that all or any part of such funds were used as required by this Act, the Secretary shall—

(1) provide in writing to the State the reasons for the determination and the amount of funds misused; and

(2) take appropriate action to recover an amount equal to that determined to have been misused under subsection (c), including the withholding of such amount from a State's future block grant or the amount which may have been suspended under subsection (c)(1).

(e) If no appeal of the final determination is filed within sixty days following notification to the State of the final determination, any funds withheld or recovered by the Secretary under subsection (d)(2) shall be returned to the Fund.

(f) If an appeal of the final determination is filed within the sixty-day period specified in subsection (e), any funds withheld by the Secretary shall be held in escrow until such time as a final determination is made of the appeal.

RULES AND REGULATIONS

SEC. 110. Within one hundred and eighty days of enactment of this Act, the Secretary shall promulgate, pursuant to section 553 of title 5, United States Code, after notice and opportunity for participation by relevant Federal agencies, State agencies, local governments, regional organizations, and other interested parties, both public and private, such rules and regulations as may be necessary to carry out the provisions of this Act.

DEFINITION OF BOUNDARY

SEC. 111. Section 2(b) of the Submerged Lands Act (43 U.S.C. 1301(b)) is amended by inserting ", except that any boundary between a State within the conterminous United States and the United States under this Act which has been fixed by coordinates under a final decree of the United States Supreme Court shall, for the purposes of this Act and the Outer Continental Shelf Lands Act, remain immobilized at the coordinates provided under such decree and shall not be ambulatory" before the semicolon.

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