SJR

12

HOUSE COMMITTEE REPORT

(7)

Date Referred: April 12, 1991 FURTHER REFERRALS: Resources

Date of Committee Action: 4-25-91

The COMMUNITY AND REGIONAL AFFAIRS Committee considered: SJR 12

SENATE JOINT RESOLUTION NO. 12 OFFSHORE OIL REVENUE SHARING

Endorsing S.49, the Ocean and Coastal Resources Enhancement Act, federal legislation which would direct the federal government to share with the states and their local governments federal revenue generated by the development of the resources of the outer continental shelf.

RECOMMENDATIONS: [ ] the same title
be replaced with ______ [ ] a new title

[ ] have attached amendments(s)
[X] do pass
[ ] do not pass
[ ] no recommendations
[ ] individual recommendations
[ ] additional referral to the ______ Committee

ADOPTS: ______ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept) APPROVES PREVIOUS: (Dept/Date)

[ ] fiscal impact ______ [ ] fiscal note(s) ______

[ ] zero fiscal note ______ [X] zero fiscal note(s) ______

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
Gail Phillips	X				
Bettye Davis	X				
[signature] BAKER	✓				
[signature] MACKIE	✓				
Cheri Davis	✓				
John C Gonzales					

[signature] MACKIE

CHAIRMAN'S SIGNATURE

Alaska State Legislature

SENATOR
ARLISS STURGULEWSKI

Senate

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While in Juneau
P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-3818

MEMORANDUM April 15, 1991

TO: Representative Jerry Mackie, Chairman
House Community & Regional Affairs Committee

FROM: Senator Arliss Sturgulewski
Senate District F

RE: Hearing request for Senate Joint Resolution 12

This resolution supports pending federal legislation introduced by Senator Ted Stevens and Co-sponsored by Senator Frank Murkowski that would provide for coastal states to share in federal revenue generated by outer continental shelf(OCS) developments.

At present, states do not receive any share of revenue generated from OCS development. Under this pending federal legislation, each adjacent coastal state would receive a one-third share of the OCS revenue. The state's one-third share would be divided evenly between the state and those communities impacted by the development.

In addition, the federal legislation calls for a Coastal Zone Impact Assistance Fund to be created using 4 1/2 percent of OCS lease sale income, royalties and other revenues. Money from this fund would be provided to coastal states and communities impacted by any type of energy development.

The federal Office of Minerals Management Service has estimated that development of oil resources in the Chukchi and Beaufort Seas alone, could bring as much as $12 billion in revenue to the state if this legislation passes.

Thank you for your consideration of an early hearing on this legislation. If there are any questions please contact Frank Homan on my staff at 465-3818.

Enclosure

Bill Version: SJR 12

(S) Publish Date: 3/22/91

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Revision Date:

Department Affected: REVENUE

Title: Endorsing S.49 the Ocean and Coastal Resources Enhancement Act.....

BRU: Revenue Operations

Component: Oil and Gas Audit

Sponsor: Sturgulewski

Requestor: Sturgulewski

COMPONENT SERIAL NO. | | 1 | 1 | 5 |

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL						
REVENUE	0	0	---------	see analysis	--------	---------

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year Impact: None

ANALYSIS: (Attach a separate page if necessary.)

See attached analysis

Prepared By: Roger Marks

Phone: 277-5627

Division: Oil and Gas Audit

Date: 3/14/91

Approved by Commissioner:

Agency:

Date: 3-20-91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Rev 10/90

Analysis of Senate Joint Resolution 12
Endorsement of the Ocean and Coastal Resources Enhancement Act

Senate Joint Resolution 12 endorses S.49, the Ocean and Coastal Resources Enhancement Act, federal legislation which, if passed, would direct the federal government to share with the states and their local governments federal revenue generated by the development of the resources of the outer continental shelf (OCS).

The act would deposit one-third of all OCS revenues (bonuses, rents, and royalties) received beginning in FY 92 into a fund. Note that the federal fiscal year begins October 1. For leases in existence at that time any bonuses and rentals would be exempt, as would royalties if the lease was producing then. Six months later, and annually thereafter, half of the fund balance (with interest) would be distributed.

Currently there is no production on the Alaska OCS. There are some confirmed discoveries in the Beaufort Sea, but their size makes commercial production uncertain. No production plans have been filed. Around Alaska there are active leases in the Bering, Chukchi, and Beaufort Seas. The probability of commercial success in Bering Sea appears very small. The Minerals Management Service (MMS) of the U.S. Department of Interior has estimated that the Chukchi Sea has a 16 percent chance of commercial success with a mean resource estimate of 4.16 billion barrels recoverable, and that the Beaufort Sea has a 21 percent chance of commercial success with a mean resources estimate of 1.45 billion barrels recoverable. MMS estimated that this act would generate $5.4 billion to Alaska from royalties over the economic life of these areas, assuming a constant $23 per barrel wellhead price, if discovery and production occurred. (Note that MMS made a serious methodological flaw in the use of probability in these calculations. Correcting this flaw would reduce that number by half.) Note that commercial production in these areas usually follows about ten years after discovery, so these revenues may not be forthcoming soon.

As far as unleased acreage is concerned the current draft proposed Federal OCS lease sale schedule shows the following sales over the next few years:

- Beaufort Sea Late 1993
- Chukchi Sea Mid 1994
- Cook Inlet Mid 1994
- St. George or Hope Basin Mid 1995
- Gulf of Alaska Late 1995
- Norton or Navarin or St. Mathew-Hall Basin Mid 1996
- Beaufort Sea Late 1996
- Chukchi Sea Mid 1997

It would be impossible to precisely estimate the lease bonuses that might be realized from these sales. However it should be noted that the most prospective of acreage in these areas has already been leased. Also, exploration efforts in all but the Chukchi and Beaufort has been disappointing. (Results on the former are currently unknown.) Ultimately, the magnitude of lease bonuses would depend mainly on expectations on the probability of success, oil prices, size of find, and exploration costs. Perhaps a range of $0 to $100 million per sale could be considered reasonable.

S.49 also creates the Coastal Zone Impact Assistance Fund, which deposits 4.5 percent of all OCS revenues in a fund beginning in FY 92. Six months later, and annually thereafter, half of the fund balance (with interest) would be distributed to coastal states (including the Great Lakes) and communities by a yet to be determined formula that would consider the number, location, and impact of energy facilities. It would be impossible to make a reasonable estimate of what Alaska might realize from this.

Ted Stevens

United States Senator For Alaska

Contact: Press Office
(202) 224-5208

January 16, 1991

FOR IMMEDIATE RELEASE

BILL WOULD SHARE OCS REVENUES
WITH STATE AND LOCAL GOVERNMENTS

Alaska and its coastal communities could receive as much as $12 billion from the revenues generated by Outer Continental Shelf (OCS) development under legislation introduced by Senator Ted Stevens and cosponsored by Senator Frank Murkowski.

The Ocean and Coastal Resources Enhancement Act (S. 49) would require the federal government to share one-third of the revenue generated by a particular OCS development with the state that is located adjacent to the offshore wells, Stevens said. One-half of that amount would go to state government, with the remaining to be divided among the communities impacted by OCS development.

Under current law, the federal government shares none of the lease sale income, royalties or other revenues derived from OCS development since it occurs in federal waters.

"This bill would give states and coastal communities the funds they need to help ensure OCS leases are developed in an environmentally-sensitive way and to lessen the impact of development on affected communities," Stevens said.

"Under existing law, coastal states and communities don't share in the revenues generated by OCS development, but they are expected to shoulder the increased costs that come with it. This bill would correct that inequity," he added.

For example, Stevens said, the revenues could be used for projects designed to enhance and protect the environment and for determining whether OCS activity is consistent with state and local coastal zone management plans.

Coastal communities could use their funds to increase fire and police protection, expand sewer and water facilities and provide additional government services for the increased population that results from nearby energy development, Stevens said.

-more-

Alaska Offices: Anchorage: 271-5915 Fairbanks: 456-0261 Juneau: 586-7400
Kenai: 283-5808 Ketchikan: 225-6880

"Development of oil and gas resources on the Alaska outer-continental shelf is an important issue to Alaskans," Murkowski said. "It makes sense for states and coastal communities impacted by OCS activity to receive some benefit from that development."

"This revenue-sharing concept is particularly important in Alaska, where OCS development would occur near rural communities with unique histories and heritages, many of them small enough to have great difficulty absorbing the impacts smoothly. Revenues received in these communities as a result of OCS development would be available to ease any adverse effects, accelerate necessary infrastructure development and provide seed money for economic diversification," Murkowski added.

Federal officials have estimated that the combined state and local share for Alaska from OCS development in the Chukchi and Beaufort Seas could be as much as $12,745,833,333. That amount is based on the Minerals Management Service's (MMS) estimates of maximum production of 9.1 billion barrels of oil from the Chukchi Sea and 4.2 billion barrels from the Beaufort Sea.

OCS tracts in the Chukchi and Beaufort Seas are currently under lease, although to date no commercial discoveries have been made. Future OCS activity will be based on the MMS's new five-year leasing plan which will be issued later this month, Stevens said.

The Stevens bill would also direct the federal government to establish a Coastal Zone Impact Assistance Fund, into which the Secretary of the Treasury would deposit four and one-half percent of OCS lease sale income, royalties and other revenues. Money from the fund would be provided to coastal states (including the Great Lakes states) and communities impacted by any type of energy development.

The funds would be allocated under a formula that would take into account the number, location and impact of energy facilities. No state could receive more than 20 percent of the fund, according to the Stevens bill.

The money would be used to help pay the states' costs of leasing and permitting energy facilities, including refineries and pipelines, and fund environmental and natural resource projects.

The legislation has been referred to the Senate Commerce Committee.

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OCS REVENUE SHARING FACT SHEET

ALASKA OCS REGION
BONUSES, RENTS, AND MINIMUM ROYALTIES

1985	$11,715,642
1986	7,618,752
1987	7,748,634
1988	705,849,842
1989	18,810,814
TOTAL	751,743,684
	÷ 3
	250,565,929 State and local government share had OCS revenue sharing legislation been in place beginning in 1985

Information provided by Al Powers, Minerals Management Service
Anchorage, Alaska -- 907-261-4010

ESTIMATED UNDISCOVERED, ECONOMICALLY RECOVERABLE, UNLEASED RESOURCES FOR THE CHUKCHI SEA AND BEAUFORT SEA

Lease Area	Minimum	Mean	Maximum
Chukchi (16% chance of commercial find)	1.1bb	4.16bb	9.1bb
Beaufort (21% chance of commercial find	.4bb	1.45bb	4.2bb
TOTAL ARCTIC	1.5bb	5.61bb	13.3bb
Multiply by $23 for wellhead value of oil		$129.03 billion	$305.9 billion
Divide by 1/8 for federal royalty share		$16,128,750,000	$38,237,500,000
Divide by 1/3 for State/local gov't share under OCS revenue sharing bill		$5,376,250,000	$12,745,833,333

Information provided by Marshall Rose,
Minerals Management Service, Washington, D.C. 703-787-1536

Alaska senators call for government to share production revenues

By MIKE MEYERS
TIMES WASHINGTON BUREAU

WASHINGTON — Alaska's senators introduced a bill Wednesday calling on the federal government to share revenues generated by offshore energy production, estimating the state and its communities could receive a total of more than $12 billion.

The federal government has considered the idea for years.

But the idea has some opponents, chiefly the Office of Management and Budget.

The White House agency oversees the production of the annual budget and has expressed concern about losing revenue to states and communities at a time of rising federal deficits.

But Sens. Frank Murkowski and Ted Stevens said the money should be shared with states and communities directly involved in the exploration and development of oil off their coasts.

There is often strong opposition from some coastal communities as well as state governments to offshore oil and gas exploration.

The Murkowski-Stevens bill calls on the federal government to share one-third of the revenue generated by a development in the Outer Continental Shelf with the adjacent state. Half of this amount would go to the state, with the rest divided among the communities affected by the energy development.

This money, at a time of tight state and municipal budgets, could help ease political opposition to energy development, particularly in environmentally sensitive areas such as California.

"This bill would give states and coastal communities the funds they need to help ensure OCS leases are developed in an environmentally sensitive way and to lessen the impact of development on affected communities," Stevens said.

"Under existing law, coastal states and communities don't share in the revenues generated by OCS development, but they are expected to shoulder the increased costs that come with it."

The government estimates the total state and local share for Alaska from Outer Continental Shelf development in the Chukchi and Beaufort Seas could be more than $12.7 billion.

This sum is based on an estimate of the Minerals Management Service of maximum production of 9.1 billion barrels of oil from the Chukchi Sea and more than 4 billion barrels from the Beaufort Sea.

The Anchorage Times

Bill J. Allen, Publisher
William J. Tobin, Assistant Publisher
Gene R. Arnhart, General Manager

J. Randolph Murray, Editor
Paul Jenkins, Managing Editor
Dennis Fradley, Editor, Editorial Pages

Robert B. Atwood, Publisher Emeritus

ALASKAN OWNED AND OPERATED SINCE 1915

SHARE THE BURDEN

Share the profits

BESIDES CONCERN about effects that offshore oil development might have on fisheries and other resources, Alaskans haven't been too excited about oil development far off our shores because the state loses on the deal.

Under current law, the federal government claims all tax revenues from development of the Outer Continental Shelf (OCS), which is the area beyond the state's 3-mile coastal limit. States get none of the revenue.

Yet OCS development increases costs for state and local communities that are impacted by a temporary increase in population of workers and business activities that support offshore operations.

Sen. Ted Stevens wants to remedy the situation by requiring the federal government to share one-third of OCS revenues with states off whose shores oil is developed.

Under legislation he introduced the other day, Alaska could receive about $12 billion from its share of projected revenues from the potential oil reserves off the Arctic Coast.

The U.S. Minerals Management Service estimates between 5 billion and 13 billion barrels of recoverable oil lie offshore in the Chukchi and Beaufort Seas. That equates to revenue to Alaska between $7 billion and $16 billion if the proposed revenue sharing plan becomes law.

Stevens' legislation, which is backed by the two other members of the Alaska delegation, would require individual states to share one-half of their OCS receipts with local coastal communities. These communities could use the income to increase fire and police protection, expand sewer and water facilities, and provide additional services required by the increased population due to OCS development.

Louisiana, Texas, California and other states with oil potential off their shore would benefit similarly.

Additionally, part of the Stevens' proposal would require the federal government to set aside 4.5 percent of OCS revenues for what he dubs the Coastal Zone Impact Assistance Fund.

Money from that fund would be used for environmental and natural resource projects in all coastal states, including those adjacent to the Great Lakes, whether or not there was OCS development off their shores. As envisioned by Sen. Stevens, this fund would be used by states to enhance and protect the environment and for determining whether OCS activity is consistent with state and local coastal-zone management plans.

The legislation could have a positive impact on the national energy policy debate. At present, a number of states have taken a strong position in opposition to any oil development off their shores. Governors and legislators in these states may want to reconsider their position if OCS development offers them a means to meet other state obligations.

Rather than face horrendous deficits, states might be able to receive a substantial income from oil development — as Alaska does.

Under an OCS revenue-sharing plan, which by the way President Bush has indicated he may support, states will have an incentive to sit down with the federal land owner and the industry to work together to develop an environmentally sound plan of action. That's a goal worth pursuing.

FEB 4, 1991

STATEMENT OF SENATOR TED STEVENS

IN SUPPORT OF S. 49,
THE COASTAL ZONE IMPACT ASSISTANCE ACT

Monday, January 14, 1991

MR. STEVENS: Today I introduce S. 49, the Ocean and Coastal Resources Enhancement Act. The measure, which is similar to legislation I introduced in the mid-80s, is designed to give coastal states and communities the tools they need to minimize the impacts energy development can bring to coastal areas. The bill directs the Secretary of Commerce to distribute 4 1/2 percent of all OCS revenues to coastal areas impacted by a wide spectrum of energy development ranging from refineries to pipelines. All coastal areas would be eligible including the Great Lakes states.

The bill uses many of the concepts established in the Coastal Zone Management Act, and is intended to complement the provisions of that Act. For states and local governments directly impacted by OCS leasing activities, the Commerce Department would share one-third of OCS revenues derived off the coast of that particular state. The Secretary of Commerce would pass half the sum to the States and half to local governments.

The funds would be used to help state and local governments participate meaningfully in the permitting process. The monies would also enable them to undertake their own projects to enhance and protect the environment. In addition, local governments most directly impacted by energy development could use their funds to increase police and fire protection, sewer and water facilities, and provide needed government services for the increased population that energy development can bring.

Mr. President, twice the Senate approved similar legislation, but unfortunately because of administration opposition, we were not successful in getting it enacted into law. When he announced his decision on OCS development off the coasts of California and Florida, President Bush hinted that his Administration might support a revenue sharing concept. I look forward to working with the Administration to develop a fiscally responsible bill that addresses the concerns of coastal states and communities.

II

102D CONGRESS
1ST SESSION

S. 49

To establish an Ocean and Coastal Resources Enhancement Fund and a Coastal Zone Impact Assistance Fund, to require the Secretary of Commerce to provide States and local governments with block grants from moneys in the Funds, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 14 (legislative day, JANUARY 3), 1991

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 Enhancement Fund and a Coastal Zone Impact Assistance Fund, to require the Secretary of Commerce to provide States and local governments with block grants from moneys in the Funds, 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

SECTION 1. This Act may be cited as the "Ocean and Coastal Resources Enhancement Act."

DEFINITIONS

SEC. 2. For purposes of this Act—

(1) the term "coastal State" has the meaning given such term under the Coastal Zone Management Act (16 U.S.C. 1453(4));

(2) the term "local government" has the meaning given such term under the Coastal Zone Management Act (16 U.S.C. 1435(11));

(3) the term "coast line" has the meaning given such term under the Submerged Lands Act (43 U.S.C. 1301(c));

(4) the term "coastal zone" has the meaning given such term under the Coastal Zone Management Act (16 U.S.C. 1453(1));

(5) the term "Outer Continental Shelf" has the meaning given such term under the Outer Continental Shelf Lands Act (43 U.S.C. 1331(a));

(6) the term "Secretary" means the Secretary of Commerce; and

(7) the term "energy facilities" has the meaning given such term under the Coastal Zone Management Act (16 U.S.C. 1453(6)).

OCEAN AND COASTAL RESOURCES MANAGEMENT FUND

SEC. 4. (a) ESTABLISHMENT.—There is established in the Treasury of the United States an interest-bearing account to be known as the Ocean and Coastal Resources Enhancement Fund, which shall be administered by the Secretary.

(b) PAYMENTS TO FUND.—Beginning in fiscal year 1992, the Secretary of the Treasury shall pay into the Fund 33 per centum of all revenues described in subsection (c) which are attributable to an Outer Continental Shelf lease, any part of which is within 200 miles of the coast line. The Secretary of the Treasury may adjust amounts in the Fund at any time to account for overpayments, underpayments, and errors.

(c) NEW REVENUES.—Subsection (b) shall apply only to—

(1) bonus revenues under a lease if no bonus revenues have been received by the United States under that lease before October 1, 1991;

(2) rent revenues under a lease if no rent revenues have been received by the United States under that lease before October 1, 1991;

(3) royalty revenues under a lease if no royalty revenues have been received by the United States under that lease before October 1, 1991; and

(4) other revenues under a lease if no other revenues have been received by the United States under that lease before October 1, 1991.

(d) COASTAL STATE SHARE.—(1) Six months after the end of fiscal year 1992, and annually thereafter, the Secretary shall pay from the Fund to coastal States one-half of such revenues paid into the Fund with respect to the fiscal year most recently completed, and any interest earned on those revenues. Each coastal State shall receive only that share of revenues attributable to those leases that lie seaward of the boundaries of that particular coastal State.

(2) In order to determine to which coastal State revenues are attributable for purposes of this Act, the Secretary shall delimit the lateral boundaries between the coastal States to a point 200 miles seaward of the coast line. Such boundaries shall be set according to the following principles, listed in the order of priority of application:

(A) any judicial decree or interstate compacts delimiting lateral offshore boundaries between coastal States;

(B) principles of domestic and international law governing the delimitation of lateral offshore boundaries; and

(C) the desirability of following existing lease boundaries and block lines on the Secretary of the Interior's official protraction diagrams.

(e) LOCAL GOVERNMENT SHARE.—(1) At the same time that the Secretary pays revenues to a coastal State under subsection (d), the Secretary shall pay to local governments within that State the remaining one-half of the revenues for that fiscal year attributable to that State, and any interest earned on those revenues. Each local government shall receive only that share of revenues attributable to those leases that lie seaward of the boundaries of that particular local government.

(2) In order to determine local government boundaries for purposes of this Act, the Secretary shall delimit the lateral boundaries between the local governments to a point 200 miles seaward of the coast line. Such boundaries shall be set according to the following principles, listed in the order of priority of application:

(A) existing boundaries between local governments with valid supporting legal authority;

(B) the desirability of following existing lease boundaries and block lines on the Secretary of the Interior's official protraction diagrams; and

(C) the principle that, to the extent consistent with subparagraphs (A) and (B), the size of the local government's adjacent offshore area, as a percentage of all of that State's adjacent offshore areas, shall be based on a formula giving equal weight to—

(i) the local government's coast line as a percentage of the State's coast line, calculated using the same methods that are used to delimit the territorial sea under international law; and

(ii) the local government's population as a percentage of the population of all local governments in the coastal State, calculated by the Secretary using the best available national census data.

(f) USE OF FUNDS BY STATES.—Each coastal State shall first use funds received pursuant to subsection (d) to pay for the administrative costs the State incurs in the leasing and permitting process under any applicable law including, but not limited to, the Coastal Zone Management Act (16 U.S.C. et. seq.) and the Outer Continental Shelf Leasing Act (43 U.S.C. 1331 et. seq.), with any remaining funds to be used for such environmental and natural resource projects in the coastal zone as the State determines.

COASTAL ZONE IMPACT ASSISTANCE FUND

SEC. 5. (a) ESTABLISHMENT.—There is established in the Treasury of the United States an interest bearing account to be known as the Coastal Zone Impact Assistance Fund, which shall be administered by the Secretary.

(b) PAYMENTS TO FUND.—Beginning in fiscal year 1992, the Secretary of the Treasury shall pay into the Fund 4½ per centum of all revenues described in subsection (c) which are attributable to an Outer Continental Shelf lease, any part of which is within 200 miles of the coast line. The Secretary of the Treasury may adjust amounts in the Fund at any time to account for overpayments, underpayments, and errors.

(c) REVENUES.—Subsection (b) shall apply to all bonuses, rents, royalties, and other revenues received by the United States under the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et. seq.).

(d) COASTAL STATE SHARE.—Six months after the end of fiscal year 1992, and annually thereafter, the Secretary shall pay from the Fund to coastal States one-half of such revenues paid into Fund with respect to the fiscal year most recently completed, and any interest earned on those revenues. The amount disbursed to each coastal State shall be determined by the Secretary under a formula established by the Secretary, after notice and public comment, which considers the number, location, and impact of energy facilities located within each State's coastal zone during the previous fiscal year. If any coastal State would receive an allotment greater than 20 per centum, the Secretary shall reduce such allotment to 20 per centum. The amounts resulting from such reduction shall be reallocated proportionately among those coastal States that receive less than 20 per centum.

(e) LOCAL GOVERNMENT SHARE.—At the same time that the Secretary pays revenues to a coastal State under subsection (d), the Secretary shall pay to local governments within that State the remaining one-half of the revenues in the Fund for that fiscal year attributable to that State and any interest earned on those revenues. Each local government shall receive only that share of revenues attributable to the number, location, and impact of energy facilities located within or seaward of the boundaries, as determined by the Secretary under section 4(e) of this Act, of that particular local government during the previous fiscal year.

(f) USE OF FUNDS.—Each coastal State shall first use funds received pursuant to subsection (d) to pay for the administrative costs the coastal State incurs in the leasing and permitting process for energy facilities, with any remaining funds to be used for such environmental and natural resource projects in the coastal zone as the coastal State determines.

LIMITATIONS ON APPLICABILITY OF BOUNDARIES

SEC. 6. The coastal State and local government boundaries delimited by the Secretary under this Act are solely for the purposes of this Act.

RULES AND REGULATIONS

SEC. 7. Within one hundred and eighty days of enactment of this Act, the Secretary shall promulgate, after notice and opportunity for comment, such rules and regulations as may be necessary to carry out the provisions of this Act.

APPROPRIATIONS

SEC. 8. The authority to pay revenues to coastal States and local governments pursuant to the Act shall be regarded as a permanent indefinite appropriation.

○