



Legislative Proposals and Offsetting Collections

Protecting the special places that communities care about most and passing sustainable budgets that support our public lands are the kind of commonsense, bipartisan actions that Americans want to see Congress take—but we cannot and will not hold our breath forever—we owe it to future generations to act.

*Sally Jewell, Secretary of the Interior
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LEGISLATIVE PROPOSALS

The 2015 President's budget request includes 15 legislative proposals affecting spending, revenues, and available budget authority, that require action by the authorizing committees in Congress. These mandatory proposals will be submitted to the Congress to address a range of Administration priorities, from investing in high-priority conservation and recreation programs to achieving a fair return to the American taxpayer from the sale of Federal resources and reducing unnecessary spending. The 2015 budget includes four spending proposals with \$9.9 billion in estimated outlays over the next decade. This spending is partially offset by revenue and savings proposals that are estimated to reduce outlays from the Treasury by more than \$2.6 billion over the next decade.

Land and Water Conservation Fund – The 2015 budget proposes \$900.0 million in current and permanent funding in 2015 and proposes to permanently authorize \$900.0 million in annual permanent funding for the Departments of the Interior and Agriculture Land and Water Conservation Fund programs beginning in 2016. In 2015, the budget proposes a transition year in which \$900.0 million in total LWCF funding is requested, composed of \$550.0 million in permanent and \$350.0 million in current funding, shared by both Interior and Agriculture.

Centennial Initiative – The Centennial initiative proposes \$1.2 billion total permanent funding over three years beginning in 2015, to be outlayed over five years in the following areas: \$300.0 million at \$100.0 million a year for a National Park Service Centennial Challenge to leverage private dona-

tions; \$600.0 million at \$200.0 million a year for NPS deferred maintenance; and \$300.0 million at \$100.0 million a year for a Centennial Land Management Investment Fund, which will competitively award grants to Interior land management agencies and the U.S. Forest Service for deferred maintenance and conservation projects.

The availability of permanent funding to address deferred maintenance and other conservation projects will allow these agencies to achieve significant results more efficiently. Stable and predictable funding streams will allow projects to be appropriately scheduled and phased for effective project delivery and completion from a capital investment standpoint.

Payments in Lieu of Taxes – The Agricultural Act of 2014 included a one-year extension of permanent PILT funding through 2014. The 2015 budget proposes to extend PILT permanent funding for one additional year, while a sustainable long-term funding solution is developed for the program. The proposal assumes extension of the current PILT payment formula, which is based on a number of factors, including the amount of Federal land within an eligible unit of local government, its population, and certain other Federal payments the local government may receive. The cost of a one-year extension is estimated to be \$442.0 million in 2015.

Palau Compact – On September 3, 2010, the U.S. and the Republic of Palau successfully concluded the review of the Compact of Free Association and signed a 15-year agreement that includes a package of economic assistance through 2024. Under the agreement, Palau committed to undertake economic,

legislative, financial, and management reforms. The conclusion of the agreement reaffirms the close partnership between the U.S. and the Republic of Palau. Permanent and indefinite funding for the Compact expired at the end of 2009; however current appropriations have been provided in the interim. The 2015 budget assumes authorization of permanent funding for the Compact in 2014 to strengthen the foundations for economic development in Palau by developing public infrastructure and improving health care and education. Compact funding also will undertake infrastructure projects designed to support Palau's economic development efforts. The Republic of Palau has a strong track record of supporting the U.S. and its location is strategically linked to Guam and U.S. operations on Kwajalein Atoll. The cost for this proposal for 2015-2024 is \$178.3 million.

Federal Oil and Gas Reforms – The 2015 budget includes a package of legislative reforms to bolster and backstop administrative actions being taken to reform management of Interior's onshore and offshore oil and gas programs, with a key focus on improving the return to taxpayers from the sale of these Federal resources and on improving transparency and oversight. Proposed statutory and administrative changes fall into three general categories: advancing royalty reforms, encouraging diligent development of oil and gas leases, and improving revenue collection processes.

Royalty reforms include evaluating minimum royalty rates for oil, gas, and similar products, adjusting the onshore royalty rate, analyzing a price-based tiered royalty rate, and repealing legislatively mandated royalty relief. Diligent development requirements include shorter primary lease terms, stricter enforcement of lease terms, and monetary incentives to get leases into production through a new per-acre fee on nonproducing leases. Revenue collection improvements include simplification of the royalty valuation process, elimination of interest accruals on company overpayments of royalties, and a permanent repeal of Interior's authority to accept in-kind royalty payments. Collectively, these reforms will generate roughly \$2.5 billion in revenue to the Treasury over ten years, of which nearly \$1.7 billion will result from statutory changes. Many States also will benefit from higher Federal revenue sharing payments as a result of these reforms.

The oil and gas reform package also includes a proposal to amend Section 365 of the Energy Policy

Act of 2005 to extend the Act's permit processing pilot office authority beyond 2015 and remove the current limitation of the authority to only those pilot offices explicitly identified in the Energy Policy Act. This change will provide the Bureau of Land Management with greater flexibility in locating these offices where they can be most effective as industry permitting demands change over time. The pilot office authority allows BLM to fund personnel from other agencies that are assigned to these pilot offices. This authority has improved BLM's efficiency in processing Applications for Permits to Drill and other use authorizations. The 2015 legislative proposal does not extend the Permit Processing Improvement Fund that was also established by Section 365. This permanent funding source is scheduled to expire at the end of 2015.

Return Coal Abandoned Mine Land Reclamation Fees to Historic Levels – The budget continues a proposal to return AML fees to their historic level, prior to the 2006 amendments to the Surface Mining Control and Reclamation Act. This change to SMCRA lowered the per-ton coal fee companies pay into the AML Fund. The additional revenue from the higher fees, estimated at \$362 million over ten years, will be used to reclaim high priority abandoned coal mines and reduce a portion of the estimated \$3.9 billion needed to address remaining dangerous coal AML sites nationwide. Reclamation fees are currently 28 cents per ton of surface mined coal. This proposal will return the fee to 35 cents per ton, the same level that coal operators paid in 2005.

Termination of AML Payments to Certified States – The 2015 budget continues a proposal to terminate the unrestricted payments to States and Tribes certified for completing their coal reclamation work. These payments can be used for general purposes and are no longer required for abandoned coal mine lands reclamation. This proposal terminates all such payments with estimated savings of \$295 million over the next ten years.

Reclamation of Abandoned Hardrock Mines – The 2015 budget continues the legislative proposal to create an Abandoned Mine Lands Program for abandoned hardrock sites. The program will be financed through the imposition of a new AML fee on hardrock production on both public and private lands. The BLM will distribute the funds through a set allocation to reclaim the highest priority hardrock abandoned sites on Federal, State, tribal, and private lands.

Reform Hardrock Mining on Federal Lands – The 2015 budget continues the legislative proposal to institute a leasing program under the Mineral Leasing Act of 1920 for certain hardrock minerals, including gold, silver, lead, zinc, copper, uranium, and molybdenum, currently covered by the General Mining Law of 1872 and administered by BLM. After enactment, mining for these metals on Federal lands will be governed by the new leasing process and subject to annual rental payments and a royalty of not less than five percent of gross proceeds. Half of the receipts will be distributed to the States in which the leases are located and the remaining half will be deposited in the Treasury. Existing mining claims will be exempt from the change to a leasing system but will be subject to increases in the annual maintenance fees under the General Mining Law of 1872. Holders of existing mining claims for these minerals, however, could voluntarily convert claims to leases. The Office of Natural Resources Revenue will collect, account for, and disburse the hardrock royalty receipts. The proposal is projected to generate revenues to the U.S. Treasury of \$80 million over ten years, with larger revenues estimated in following years.

Termination of Geothermal Energy Payments to Counties – The 2015 budget proposes to repeal Section 224(b) of the Energy Policy Act of 2005 to permanently discontinue payments to counties and restore the disposition of Federal geothermal leasing revenues to the historical formula of 50 percent to the States and 50 percent to the Treasury. The Energy Policy Act of 2005 changed the distribution beginning in 2006 to direct 50 percent to States, 25 percent to counties, and for a period of five years, 25 percent to a BLM Geothermal Steam Act Implementation Fund. The allocations to the BLM geothermal fund were discontinued a year early through a provision in the 2010 Interior Appropriations Act. The repeal of Section 224(b) is estimated to result in savings of \$4 million in 2015 and \$42 million over ten years.

Federal Land Transaction Facilitation Act – The Administration proposes to reauthorize this Act that expired on July 25, 2011, to allow lands identified as suitable for disposal in recent land use plans to be sold using this authority. The sales revenue will be used to fund the acquisition of environmentally sensitive lands and to cover the BLM administrative costs associated with conducting the sales.

Bureau of Land Management Foundation – The 2015 budget continues the proposal to establish a congressionally-chartered National BLM Founda-

tion. This Foundation will provide an opportunity to leverage private funding to support public lands, achieve shared outcomes, and focus public support on the BLM mission. The Foundation will be established as a charitable, non-profit organization to benefit the public by protecting and restoring the BLM's natural, cultural, historical, and recreational resources for future generations. The National BLM Foundation will be similar to other existing foundations which benefit Federal programs, including the National Park Foundation, the National Fish and Wildlife Foundation, and the National Forest Foundation.

Federal Migratory Bird Hunting and Conservation Stamps – The budget proposes to increase the price of a Duck Stamp to \$25.00, beginning in 2015. The price of the Duck Stamp has not increased since 1991, while the cost of land and water has increased significantly. Increasing the cost of Duck Stamps will add an estimated \$14 million into the Migratory Bird Conservation account. With these increased receipts, the Department anticipates additional acquisition of an estimated 7,000 acres in fee title and 10,000 acres in perpetual conservation easements in 2015.

Recreation Fee Program – The 2015 budget proposes legislation to permanently authorize the Federal Lands Recreation Enhancement Act, which will expire in December 2015. The program currently brings in an estimated \$260.0 million in recreation fees annually under this authority and uses them to enhance the visitor experience at Interior facilities.

FIRE SUPPRESSION AND THE DISCRETIONARY BUDGET CAP

The 2015 budget proposes to amend the Balanced Budget and Emergency Deficit Control Act to establish a new framework for funding Fire Suppression Operations to provide stable funding for fire suppression, while minimizing the adverse impacts of fire transfers on the budgets of other fire and non-fire programs. Under this new framework, the 2015 budget request covers 70 percent of the 10-year suppression average within the domestic discretionary cap, or \$268.6 million for the Department of the Interior. This base level ensures that the cap adjustment would only be used for the most severe fire activity since it is one percent of the fires that cause 30 percent of the costs. Only extreme fires that require emergency response or are near urban areas or activities during abnormally active

fire seasons, which rightly should be considered disasters, would be permitted to be funded through the adjustment to the discretionary spending limits. For 2015, the request for the budget cap adjustment for the Department is \$240.4 million. The cap adjustment does not increase overall current spending, as it would reduce the ceiling for the existing disaster relief cap adjustment by the amount required for fire suppression requirements.

OFFSETTING COLLECTION PROPOSALS

The budget includes several proposals to collect or increase various fees, so industry shares some of the cost of Federal permitting and regulatory oversight. Also included is a proposal to recover costs from anyone who damages a national wildlife refuge.

New Fee for Onshore Oil and Gas Inspections – Through appropriations language, the Department proposes to implement an inspection fee in 2015 for onshore oil and gas activities subject to inspection by BLM. The proposed inspection fee is expected to generate \$48 million in 2015, \$10 million more than the corresponding \$38.0 million reduction in requested appropriations for BLM, thereby expanding the capacity of BLM’s oil and gas inspection program. The fee is similar to those already in place for offshore operations and will support Federal ef-

forts to increase production accountability, human safety, and environmental protection.

Grazing Administrative Fee– The budget continues a proposal for a new grazing administrative fee of \$1 per animal unit month to offset costs to administer the program. The BLM proposes to implement this fee through appropriations language on a pilot basis. Interior estimates the fee will generate \$6.5 million in 2015, which will assist BLM in processing grazing permits. During the period of the pilot, BLM will work to promulgate regulations to continue this cost recovery fee administratively once the pilot expires.

National Wildlife Refuge Damage Cost Recovery – The 2015 budget includes appropriations language to authorize the Fish and Wildlife Service to retain recoveries for the cost to restore or replace damaged habitat from responsible parties. This is parallel to authorities provided to the National Park Service for damages to national parks and monuments.

Cost Recovery for Nontoxic Shot Approvals – The 2015 budget proposes new language as part of the annual appropriation that would allow FWS to retain and use fees collected for costs associated with the review and approval of nontoxic shot. Nontoxic shot is a substitute for lead shot, which has been banned for waterfowl hunting since 1991. Manufacturers of nontoxic shot currently pay FWS a fee to have their products reviewed and approved.