# Legislative Proposals and Offsetting Collections

*I share the President's belief that America should lead the world on energy, climate, and conservation. And to accomplish this, we need to encourage innovation, provide clear rules of the road, and make balanced decisions.*

***Sally Jewell, Secretary of the Interior***
***March 17, 2015***

The 2017 President's budget includes a suite of legislative and offsetting collection proposals affecting spending, revenues, and available budget authority that require action by the Congressional authorizing committees. These mandatory proposals 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 2017 budget includes seven spending proposals with an estimated $18.0 billion in outlays over the next decade. This spending is partially offset by revenue and savings proposals to reduce outlays from the Treasury by an estimated $4.5 billion over the next decade.

## New Legislative Proposals

**Coastal Climate Resilience Program** – The budget proposes a $2.0 billion Coastal Climate Resilience program, which will provide resources over 10 years for at-risk coastal States, local governments, and communities to prepare for and adapt to climate change. This program will be paid for by redirecting roughly half of oil and gas revenue sharing payments that are set to be paid to only four States under current law. A portion of these program funds would be set aside to cover the unique impacts of climate change in Alaska where some native villages are so threatened by rising seas, coastal erosion, and storm surges, that they must prepare for potential relocation. The changes in offshore oil and gas revenue sharing payments are included in the Administration's Gulf of Mexico Energy Security Act legislative proposal which is continued in the 2017 President's budget.

**National Parks Centennial Act, Historic Preservation Fund** – The budget includes a legislative proposal to extend the authority to deposit $150.0 million in receipts from offshore oil and gas revenues annually into the Historic Preservation Fund. The HPF funds the essential infrastructure of the Nation's historic preservation program. Funding, subject to annual appropriations, supports State Historic and Tribal Preservation Offices, which help preserve local historic resources. States and Tribes use HPF appropriations to guide National Register of Historic Places nominations; contribute technical expertise to reviews of Federal projects; guide and approve Historic Tax Credit projects; inform, train, and assist communities and local, State, and Federal governments; and prepare and implement State preservation plans. State Historic and Tribal Preservation Offices provide a minimum 40 percent match to the Federal funding and distribute at least 10 percent of their HPF allocation to certified local governments. Other entities eligible for HPF funding include Historically Black Colleges and Universities.

## Continued Legislative Proposals

**Bureau of Indian Affairs Contract Support Costs** – The budget includes a legislative proposal to reclassify funding for the existing Contract Support Costs program from discretionary to mandatory beginning in fiscal year 2018. Congress requested both BIA and the Indian Health Service consult with Tribes to develop a long-term approach to fund contract support costs. The leading tribal recommendation was to provide funding for contract support costs as a mandatory appropriation. The budget proposes to adjust the discretionary budget caps to reflect the reclassification. The proposal includes two percent for BIA administrative expenses and ongoing program management oversight. New contract support cost estimates will be provided on a three-year cycle as part of the reauthorization process.

**POWER+ Accelerate AML Distribution for Mine Cleanup and Economic Recovery** – The budget proposes to allocate a portion of the remaining unappropriated balance of the Abandoned Mine Lands Fund to target the cleanup and redevelopment of AML sites and AML coal mine polluted waters in a manner that facilitates sustainable revitalization in economically depressed coalfield communities. The proposal will provide $1.0 billion over five years to States based on AML program and economic eligibility factors—such as the unemployment rate of coal mining regions—and remaining priority coal problems, including abandoned mine drainage, where reclamation linked to job creating economic development strategies will help revitalize impacted communities.

**Gulf of Mexico Energy Security Act** – The Administration is committed to ensuring American taxpayers receive a fair return from the sale of public resources and taxpayers throughout the Country benefit from the development of offshore energy resources owned by all Americans. The Gulf of Mexico Energy Security Act of 2006 opened some additional areas in the Gulf of Mexico for offshore oil and gas leasing, while maintaining moratoria on activities east of the Military Mission Line and within certain distances from the coastline of Florida. The Act provides that 37.5 percent of Outer Continental Shelf revenues from certain leases be distributed to just four coastal States—Alabama, Louisiana, Mississippi, and Texas—and their local governments based on a complex allocation formula. The Administration proposes to repeal GOMESA revenue-sharing payments to select States from Gulf of Mexico oil and gas leases, which are set to expand substantially starting in 2018. More than half of the savings from the repeal of GOMESA revenue sharing payments to States will be redirected to a new Coastal Climate Resilience Program to provide resources for at-risk coastal States, local governments, and their communities to prepare for and adapt to climate change.

**United Mineworkers of America Pension Reform** – The budget proposes to better provide for retired coal miners and their families by revising the formula for general fund payments to the 1993 UMWA Health Benefit Plan. The new formula will consider all beneficiaries enrolled in the plan as of enactment, as well as those retirees whose health benefits were denied or reduced as the result of a bituminous coal industry bankruptcy proceeding commenced in 2012. Additionally, the proposal will transfer funds through the Pension Benefit Guaranty Corporation to the trustees of the 1974 UMWA Pension Plan to ensure the plan's long-term solvency. The plan, which covers more than 100,000 mineworkers, is underfunded and approaching insolvency. The new formula will provide an additional $375.0 million to the UMWA in 2017 and $4.2 billion over 10 years.

**Land and Water Conservation Fund** – The budget proposes $900.0 million in discretionary and mandatory funding in 2017, and, beginning in 2018, $900.0 million in annual mandatory funding for the Departments of the Interior and Agriculture programs funded out of the Land and Water Conservation Fund. In 2017, the budget proposes a transition year in which $900.0 million in total LWCF funding is requested, composed of $425.0 million in mandatory and $475.0 million in discretionary funding, shared by both Interior and Agriculture.

**National Parks Centennial Act** – The budget proposes enactment of legislation, the National Park Service Centennial Act, to honor the Park Service's 100th anniversary. The Act will further the NPS legacy of protecting, preserving, and sharing some of the Nation's most iconic sites with all Americans. The legislation proposes further funding for critical infrastructure projects, leveraging public-private donations and partnerships to enhance visitor experiences, and expanding volunteer and job opportunities in national parks and historic sites across the Country.

The Act specifically authorizes the following: $100.0 million a year for three years for the Centennial Challenge to leverage private donations; $300.0 million a year for three years for NPS deferred maintenance; and $100.0 million a year for three years for a Public Lands Centennial Fund, which will competitively allocate funds for projects on public lands to enhance visitor services and outdoor recreation opportunities, restore lands, repair facilities, and increase energy and water efficiency. The availability of mandatory funding to address deferred maintenance and other conservation projects will allow these agencies to plan ahead more efficiently to achieve significant results. Stable and predictable funding streams will allow projects to be appropriately scheduled and phased for more effective project delivery and completion.

The Act also provides the Secretary with the authority to collect additional camping or lodging fees and funds collected from purchases of the lifetime pass for citizens 62 years of age or older. Funding for this Second Century Fund is estimated at $40.4 million.

**Federal Land Transaction Facilitation Act** – The budget proposes to reauthorize this Act which 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 Bureau of Land Management administrative costs associated with conducting the sales.

**Recreation Fee Program** – The budget proposes legislation to permanently authorize the Federal Lands Recreation Enhancement Act, which is authorized through September 30, 2017. The program currently brings in an estimated $335 million in recreation fees annually under this authority that are used to enhance the visitor experience on Federal land recreation sites. In addition, as a short-term alternative to proposed legislation for long-term reauthorization, the 2017 budget proposes appropriations language to further extend authorization for the Federal Lands Recreation Enhancement Act through September 30, 2018.

**Federal Oil and Gas Reforms** – The budget includes a package of legislative reforms to bolster and back stop 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 non-producing leases. Revenue collection improvements include simplification of the royalty valuation process and a permanent repeal of Interior's authority to accept in-kind royalty payments. Collectively, these reforms will generate roughly $1.7 billion in revenue to the Treasury over 10 years, of which $1.2 billion will result from statutory changes. Many States also will benefit from higher Federal revenue sharing payments as a result of these reforms.

**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. The Compact provides economic assistance to Palau and reaffirms the close partnership between the U.S. and Palau, including exclusive military access to Palau's strategic location through 2024. Under the agreement, Palau committed to undertake economic, legislative, financial, and management reforms. Mandatory funding for the Compact expired at the end of 2009; however, current appropriations have been provided in the interim. The budget assumes authorization of mandatory funding for the Compact in 2017 to strengthen the foundations for economic development in Palau by developing public infrastructure and improving health care and education. Compact funding also will be used to undertake infrastructure projects designed to support Palau's economic development efforts. Palau has a strong track record of supporting the U.S. at the United Nations; and its location is key for U.S. national security interests in the Western Pacific Region. The cost for this proposal for 2017-2024 is $149.0 million.

**Payments in Lieu of Taxes** – The budget proposes to extend PILT mandatory 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 of the PILT program is estimated to be $480.0 million in 2017.

**Reclamation of Abandoned Hardrock Mines** – The budget proposes 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 estimated to generate $1.8 billion through 2026. 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 budget proposes 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 U.S. 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 $80.0 million over 10 years, with larger revenues estimated in following years.

**Return Coal Abandoned Mine Land Reclamation Fees to Historic Levels** – The budget proposes 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 $258.0 million over ten years, will be used to reclaim high priority abandoned coal mines and reduce a portion of the over $6 billion needed to address remaining high priority 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 prior to 2007.

**Termination of Abandoned Mine Land Payments to Certified States** – The 2017 budget proposes 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 $520.0 million over the next ten years.

**Termination of EPAct Geothermal Payments to Counties** – The 2017 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 $41.0 million over ten years.

**Bureau of Land Management Foundation** – The budget proposes to establish a congressionally chartered National BLM Foundation. This Foundation will 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, nonprofit organization to benefit the public by protecting and restoring BLM natural, cultural, historical, and recreational resources for future generations. The National BLM Foundation will be similar to other existing foundations that benefit Federal programs, including the National Park Foundation, the National Fish and Wildlife Foundation, and the National Forest Foundation.

**National Foundation for American Indian Education** – The budget proposes appropriations language enabling the Secretary to reactivate a foundation created by Congress in 2000 to generate private donations in support of the mission of the Bureau of Indian Education. The initial members of the foundation's Board of Directors were appointed in 2004 but the foundation is no longer functioning—its nonprofit tax exempt status has been revoked by the IRS and the Board has not met since 2007. The proposed bill language will allow the foundation to start anew to obtain nonprofit tax exempt status, with a new Board of Directors focused on making the foundation a successful fund raising entity.

**Migratory Bird Hunting and Conservation Stamp Act - Duck Stamp** – The passage of the Federal Duck Stamp Act of 2014 raised the price of a Duck Stamp for the first time in more than 20 years. To provide greater stability in the future, the budget includes a legislative proposal to provide the Secretary limited authority to increase the price of a Duck Stamp, with the approval of the Migratory Bird Conservation Commission, to keep pace with inflation.

**Wildland Fire Suppression Disaster Cap Adjustment** – The 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, while minimizing the adverse impacts of fire transfers on the budgets of other programs. Under this new framework, the 2017 budget request covers 70 percent of the 10-year suppression average within the domestic discretionary cap or $276.3 million for the Department of the Interior. This base level ensures the cap adjustment will only be used for the most severe fire activity as one percent of the fires incur 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—will be permitted to be funded through the adjustment to the discretionary spending limits. For 2017, the request for the budget cap adjustment for the Department is $290.0 million. The cap adjustment does not increase overall spending, as the ceiling for the existing disaster relief cap will be reduced by the same amount as the increase required for fire suppression.

## New Offsetting Collection Proposals

The budget includes proposals to collect or increase various fees to share 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.

**Bureau of Ocean Energy Management Risk Management Fee** – The budget includes a new cost recovery fee proposal to recoup funds for services rendered by the Risk Management Program. The program is critical to protecting the American taxpayer from becoming financially responsible for liabilities associated with oil and gas and renewable energy operations on the Outer Continental Shelf. The cost recovery fee would require applicants to pay a processing fee when submitting tailored financial plans associated with offshore drilling operations. The BOEM estimates the fee will generate $2.9 million annually, which will fully offset the requested programmatic increase in 2017.

**Bureau of Safety and Environmental Enforcement Inspection Fee** – The budget includes appropriations language modifying and expanding the enacted inspection fee language to clarify that facilities subject to multiple inspections are subject to additional fees for each inspection. The BSEE estimates the inspection fees will generate $65.0 million in 2017.

## Continued Offsetting Collection Proposals

**Fee for Onshore Oil and Gas Inspections** – Through appropriations language, Interior proposes to implement inspection fees in 2017 for onshore oil and gas activities subject to inspection by BLM. The proposed inspection fees are expected to generate $48.0 million in 2017, level with 2016. The fees are similar to those already in place for offshore operations and will support Federal efforts to increase production accountability, safety, and environmental protection.

**Grazing Administrative Fee** – The budget proposes a grazing administrative fee to offset costs to administer the program. The budget proposes a fee of $2.50 per animal unit month. The BLM proposes to implement this fee through appropriations language on a pilot basis. Interior estimates the fee will generate $16.5 million in 2017 to support the Rangeland Fire Management program at the 2016 level. 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 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 NPS for damages to national parks and monuments.