

109TH CONGRESS
2^D SESSION

S. _____

To enhance the energy production, refining, infrastructure, conservation and efficiency capabilities of the United States, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. THOMAS introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To enhance the energy production, refining, infrastructure, conservation and efficiency capabilities of the United States, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Energy Production, Refining, Infrastructure, Conserva-
6 tion and Efficiency Act” or the “Energy PRICE Act”.

7 (b) TABLE OF CONTENTS.—The table of contents for
8 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—ENERGY PRODUCTION

2

Subtitle A—Arctic Coastal Plain Domestic Energy

- Sec. 1001. Definitions.
- Sec. 1002. Leasing program for lands within the Coastal Plain.
- Sec. 1003. Lease sales.
- Sec. 1004. Grant of leases by the Secretary.
- Sec. 1005. Lease terms and conditions.
- Sec. 1006. Coastal Plain environmental protection.
- Sec. 1007. Expedited judicial review.
- Sec. 1008. Federal and State distribution of revenues.
- Sec. 1009. Rights-of-way across the Coastal Plain.
- Sec. 1010. Conveyance.
- Sec. 1011. Local government impact aid and community service assistance.

Subtitle B—Enhanced Oil Recovery

- Sec. 1021. Enhanced credit for carbon dioxide injections.

Subtitle C—Department of Defense Contract Authority

- Sec. 1031. Procurement of fuel derived from coal, oil shale, and tar sands.

TITLE II—REFINING

Subtitle A—Refinery Permitting Process

- Sec. 2001. Definitions.
- Sec. 2002. Streamlining of refinery permitting process.
- Sec. 2003. Fuel emergency waivers.
- Sec. 2004. Boutique fuel reductions.
- Sec. 2005. Fischer-Tropsch fuels.

Subtitle B—Accelerated Depreciation for Construction and Expansion

- Sec. 2011. Expansion of election to expense certain refineries.

TITLE III—INFRASTRUCTURE

Subtitle A—Accelerated Depreciation

- Sec. 3001. Treatment of certain oil and gas pipelines as 5-year property for depreciation purposes.

Subtitle B—Tax-Exempt Financing

- Sec. 3011. Tax-exempt financing of energy transportation infrastructure not subject to private business use test.

Subtitle C—Emergency Service Route

- Sec. 3021. Emergency service route.

TITLE IV—CONSERVATION AND EFFICIENCY

Subtitle A—CAFE Standards

- Sec. 4001. Revised considerations for decisions on maximum feasible average fuel economy.
- Sec. 4002. Increased fuel economy standards.

Sec. 4003. Expedited procedures for congressional increase in fuel economy standards.

Subtitle B—Natural Gas Energy Star Program

Sec. 4011. Efficiency.

1 **TITLE I—ENERGY PRODUCTION**
2 **Subtitle A—Arctic Coastal Plain**
3 **Domestic Energy**

4 **SEC. 1001. DEFINITIONS.**

5 In this subtitle:

6 (1) **COASTAL PLAIN.**—The term “Coastal
7 Plain” means that area identified as such in the
8 map entitled “Arctic National Wildlife Refuge”,
9 dated August 1980, as referenced in section 1002(b)
10 of the Alaska National Interest Lands Conservation
11 Act of 1980 (16 U.S.C. 3142(b)(1)), comprising ap-
12 proximately 1,549,000 acres, and as described in ap-
13 pendix I to part 37 of title 50, Code of Federal Reg-
14 ulations.

15 (2) **SECRETARY.**—The term “Secretary”, except
16 as otherwise provided, means the Secretary of the
17 Interior or the Secretary’s designee.

18 **SEC. 1002. LEASING PROGRAM FOR LANDS WITHIN THE**
19 **COASTAL PLAIN.**

20 (a) **IN GENERAL.**—The Secretary shall take such ac-
21 tions as are necessary—

22 (1) to establish and implement in accordance
23 with this Act a competitive oil and gas leasing pro-

1 gram under the Mineral Leasing Act (30 U.S.C. 181
2 et seq.) that will result in an environmentally sound
3 program for the exploration, development, and pro-
4 duction of the oil and gas resources of the Coastal
5 Plain; and

6 (2) to administer the provisions of this subtitle
7 through regulations, lease terms, conditions, restric-
8 tions, prohibitions, stipulations, and other provisions
9 that ensure the oil and gas exploration, development,
10 and production activities on the Coastal Plain will
11 result in no significant adverse effect on fish and
12 wildlife, their habitat, subsistence resources, and the
13 environment, and including, in furtherance of this
14 goal, by requiring the application of the best com-
15 mercially available technology for oil and gas explo-
16 ration, development, and production to all explo-
17 ration, development, and production operations
18 under this subtitle in a manner that ensures the re-
19 ceipt of fair market value by the public for the min-
20 eral resources to be leased.

21 (b) REPEAL.—Section 1003 of the Alaska National
22 Interest Lands Conservation Act of 1980 (16 U.S.C.
23 3143) is repealed.

24 (c) COMPLIANCE WITH REQUIREMENTS UNDER CER-
25 TAIN OTHER LAWS.—

1 (1) COMPATIBILITY.—For purposes of the Na-
2 tional Wildlife Refuge System Administration Act of
3 1966, the oil and gas leasing program and activities
4 authorized by this section in the Coastal Plain are
5 deemed to be compatible with the purposes for which
6 the Arctic National Wildlife Refuge was established,
7 and that no further findings or decisions are re-
8 quired to implement this determination.

9 (2) ADEQUACY OF THE DEPARTMENT OF THE
10 INTERIOR'S LEGISLATIVE ENVIRONMENTAL IMPACT
11 STATEMENT.—The “Final Legislative Environ-
12 mental Impact Statement” (April 1987) on the
13 Coastal Plain prepared pursuant to section 1002 of
14 the Alaska National Interest Lands Conservation
15 Act of 1980 (16 U.S.C. 3142) and section 102(2)(C)
16 of the National Environmental Policy Act of 1969
17 (42 U.S.C. 4332(2)(C)) is deemed to satisfy the re-
18 quirements under the National Environmental Policy
19 Act of 1969 that apply with respect to actions au-
20 thorized to be taken by the Secretary to develop and
21 promulgate the regulations for the establishment of
22 a leasing program authorized by this subtitle before
23 the conduct of the first lease sale.

24 (3) COMPLIANCE WITH NEPA FOR OTHER AC-
25 TIONS.—Before conducting the first lease sale under

1 this subtitle, the Secretary shall prepare an environ-
2 mental impact statement under the National Envi-
3 ronmental Policy Act of 1969 with respect to the ac-
4 tions authorized by this subtitle that are not re-
5 ferred to in paragraph (2). Notwithstanding any
6 other law, the Secretary is not required to identify
7 nonleasing alternative courses of action or to analyze
8 the environmental effects of such courses of action.
9 The Secretary shall only identify a preferred action
10 for such leasing and a single leasing alternative, and
11 analyze the environmental effects and potential miti-
12 gation measures for those two alternatives. The
13 identification of the preferred action and related
14 analysis for the first lease sale under this subtitle
15 shall be completed within 18 months after the date
16 of the enactment of this Act. The Secretary shall
17 only consider public comments that specifically ad-
18 dress the Secretary's preferred action and that are
19 filed within 20 days after publication of an environ-
20 mental analysis. Notwithstanding any other law,
21 compliance with this paragraph is deemed to satisfy
22 all requirements for the analysis and consideration
23 of the environmental effects of proposed leasing
24 under this subtitle.

1 (d) RELATIONSHIP TO STATE AND LOCAL AUTHOR-
2 ITY.—Nothing in this subtitle shall be considered to ex-
3 pand or limit State and local regulatory authority.

4 (e) SPECIAL AREAS.—

5 (1) IN GENERAL.—The Secretary, after con-
6 sultation with the State of Alaska, the city of
7 Kaktovik, and the North Slope Borough, may des-
8 ignate up to a total of 45,000 acres of the Coastal
9 Plain as a Special Area if the Secretary determines
10 that the Special Area is of such unique character
11 and interest so as to require special management
12 and regulatory protection. The Secretary shall des-
13 ignate as such a Special Area the Sadlerochit Spring
14 area, comprising approximately 4,000 acres as de-
15 picted on such map as shall be identified by the Sec-
16 retary.

17 (2) MANAGEMENT.—Each such Special Area
18 shall be managed so as to protect and preserve the
19 area's unique and diverse character including its
20 fish, wildlife, and subsistence resource values.

21 (3) EXCLUSION FROM LEASING OR SURFACE
22 OCCUPANCY.—The Secretary may exclude any Spe-
23 cial Area from leasing. If the Secretary leases a Spe-
24 cial Area, or any part thereof, for purposes of oil
25 and gas exploration, development, production, and

1 related activities, there shall be no surface occu-
2 pancy of the lands comprising the Special Area.

3 (4) DIRECTIONAL DRILLING.—Notwithstanding
4 the other provisions of this subsection, the Secretary
5 may lease all or a portion of a Special Area under
6 terms that permit the use of horizontal drilling tech-
7 nology from sites on leases located outside the area.

8 (f) LIMITATION ON CLOSED AREAS.—The Sec-
9 retary's sole authority to close lands within the Coastal
10 Plain to oil and gas leasing and to exploration, develop-
11 ment, and production is that set forth in this subtitle.

12 (g) REGULATIONS.—

13 (1) IN GENERAL.—The Secretary shall pre-
14 scribe such regulations as may be necessary to carry
15 out this subtitle, including rules and regulations re-
16 lating to protection of the fish and wildlife, their
17 habitat, subsistence resources, and environment of
18 the Coastal Plain, by no later than 15 months after
19 the date of the enactment of this Act.

20 (2) REVISION OF REGULATIONS.—The Sec-
21 retary shall periodically review and, if appropriate,
22 revise the rules and regulations issued under sub-
23 section (a) to reflect any significant biological, envi-
24 ronmental, or engineering data that come to the Sec-
25 retary's attention.

1 **SEC. 1003. LEASE SALES.**

2 (a) IN GENERAL.—Lands may be leased pursuant to
3 this subtitle to any person qualified to obtain a lease for
4 deposits of oil and gas under the Mineral Leasing Act (30
5 U.S.C. 181 et seq.).

6 (b) PROCEDURES.—The Secretary shall, by regula-
7 tion, establish procedures for—

8 (1) receipt and consideration of sealed nomina-
9 tions for any area in the Coastal Plain for inclusion
10 in, or exclusion (as provided in subsection (c)) from,
11 a lease sale;

12 (2) the holding of lease sales after such nomina-
13 tion process; and

14 (3) public notice of and comment on designa-
15 tion of areas to be included in, or excluded from, a
16 lease sale.

17 (c) LEASE SALE BIDS.—Bidding for leases under
18 this subtitle shall be by sealed competitive cash bonus bids.

19 (d) ACREAGE MINIMUM IN FIRST SALE.—In the first
20 lease sale under this subtitle, the Secretary shall offer for
21 lease those tracts the Secretary considers to have the
22 greatest potential for the discovery of hydrocarbons, tak-
23 ing into consideration nominations received pursuant to
24 subsection (b)(1), but in no case less than 200,000 acres.

25 (e) TIMING OF LEASE SALES.—The Secretary
26 shall—

1 (1) conduct the first lease sale under this sub-
2 title within 22 months after the date of the enact-
3 ment of this Act; and

4 (2) conduct additional sales so long as sufficient
5 interest in development exists to warrant, in the Sec-
6 retary's judgment, the conduct of such sales.

7 **SEC. 1004. GRANT OF LEASES BY THE SECRETARY.**

8 (a) IN GENERAL.—The Secretary may grant to the
9 highest responsible qualified bidder in a lease sale con-
10 ducted pursuant to section 1003 any lands to be leased
11 on the Coastal Plain upon payment by the lessee of such
12 bonus as may be accepted by the Secretary.

13 (b) SUBSEQUENT TRANSFERS.—No lease issued
14 under this subtitle may be sold, exchanged, assigned, sub-
15 let, or otherwise transferred except with the approval of
16 the Secretary. Prior to any such approval the Secretary
17 shall consult with, and give due consideration to the views
18 of, the Attorney General.

19 **SEC. 1005. LEASE TERMS AND CONDITIONS.**

20 (a) IN GENERAL.—An oil or gas lease issued pursu-
21 ant to this subtitle shall—

22 (1) provide for the payment of a royalty of not
23 less than $1\frac{1}{2}$ percent in amount or value of the
24 production removed or sold from the lease, as deter-

1 mined by the Secretary under the regulations appli-
2 cable to other Federal oil and gas leases;

3 (2) provide that the Secretary may close, on a
4 seasonal basis, portions of the Coastal Plain to ex-
5 ploratory drilling activities as necessary to protect
6 caribou calving areas and other species of fish and
7 wildlife;

8 (3) require that the lessee of lands within the
9 Coastal Plain shall be fully responsible and liable for
10 the reclamation of lands within the Coastal Plain
11 and any other Federal lands that are adversely af-
12 fected in connection with exploration, development,
13 production, or transportation activities conducted
14 under the lease and within the Coastal Plain by the
15 lessee or by any of the subcontractors or agents of
16 the lessee;

17 (4) provide that the lessee may not delegate or
18 convey, by contract or otherwise, the reclamation re-
19 sponsibility and liability to another person without
20 the express written approval of the Secretary;

21 (5) provide that the standard of reclamation for
22 lands required to be reclaimed under this subtitle
23 shall be, as nearly as practicable, a condition capable
24 of supporting the uses which the lands were capable
25 of supporting prior to any exploration, development,

1 or production activities, or upon application by the
2 lessee, to a higher or better use as approved by the
3 Secretary;

4 (6) contain terms and conditions relating to
5 protection of fish and wildlife, their habitat, and the
6 environment as required pursuant to section
7 10023(a)(2);

8 (7) provide that the lessee, its agents, and its
9 contractors use best efforts to provide a fair share,
10 as determined by the level of obligation previously
11 agreed to in the 1974 agreement implementing sec-
12 tion 29 of the Federal Agreement and Grant of
13 Right of Way for the Operation of the Trans-Alaska
14 Pipeline, of employment and contracting for Alaska
15 Natives and Alaska Native Corporations from
16 throughout the State;

17 (8) prohibit the export of oil produced under
18 the lease; and

19 (9) contain such other provisions as the Sec-
20 retary determines necessary to ensure compliance
21 with the provisions of this subtitle and the regula-
22 tions issued under this subtitle.

23 (b) PROJECT LABOR AGREEMENTS.—The Secretary,
24 as a term and condition of each lease under this subtitle
25 and in recognizing the Government's proprietary interest

1 in labor stability and in the ability of construction labor
2 and management to meet the particular needs and condi-
3 tions of projects to be developed under the leases issued
4 pursuant to this subtitle and the special concerns of the
5 parties to such leases, shall require that the lessee and
6 its agents and contractors negotiate to obtain a project
7 labor agreement for the employment of laborers and me-
8 chanics on production, maintenance, and construction
9 under the lease.

10 **SEC. 1006. COASTAL PLAIN ENVIRONMENTAL PROTECTION.**

11 (a) NO SIGNIFICANT ADVERSE EFFECT STANDARD
12 TO GOVERN AUTHORIZED COASTAL PLAIN ACTIVITIES.—

13 The Secretary shall, consistent with the requirements of
14 section 1002, administer the provisions of this subtitle
15 through regulations, lease terms, conditions, restrictions,
16 prohibitions, stipulations, and other provisions that—

17 (1) ensure the oil and gas exploration, develop-
18 ment, and production activities on the Coastal Plain
19 will result in no significant adverse effect on fish
20 and wildlife, their habitat, and the environment;

21 (2) require the application of the best commer-
22 cially available technology for oil and gas explo-
23 ration, development, and production on all new ex-
24 ploration, development, and production operations;
25 and

1 (3) ensure that the maximum amount of sur-
2 face acreage covered by production and support fa-
3 cilities, including airstrips and any areas covered by
4 gravel berms or piers for support of pipelines, does
5 not exceed 2,000 acres on the Coastal Plain.

6 (b) **SITE-SPECIFIC ASSESSMENT AND MITIGATION.**—
7 The Secretary shall also require, with respect to any pro-
8 posed drilling and related activities, that—

9 (1) a site-specific analysis be made of the prob-
10 able effects, if any, that the drilling or related activi-
11 ties will have on fish and wildlife, their habitat, and
12 the environment;

13 (2) a plan be implemented to avoid, minimize,
14 and mitigate (in that order and to the extent prac-
15 ticable) any significant adverse effect identified
16 under paragraph (1); and

17 (3) the development of the plan shall occur
18 after consultation with the agency or agencies hav-
19 ing jurisdiction over matters mitigated by the plan.

20 (c) **REGULATIONS TO PROTECT COASTAL PLAIN**
21 **FISH AND WILDLIFE RESOURCES, SUBSISTENCE USERS,**
22 **AND THE ENVIRONMENT.**—Before implementing the leas-
23 ing program authorized by this subtitle, the Secretary
24 shall prepare and promulgate regulations, lease terms,
25 conditions, restrictions, prohibitions, stipulations, and

1 other measures designed to ensure that the activities un-
2 dertaken on the Coastal Plain under this subtitle are con-
3 ducted in a manner consistent with the purposes and envi-
4 ronmental requirements of this subtitle.

5 (d) COMPLIANCE WITH FEDERAL AND STATE ENVI-
6 RONMENTAL LAWS AND OTHER REQUIREMENTS.—The
7 proposed regulations, lease terms, conditions, restrictions,
8 prohibitions, and stipulations for the leasing program
9 under this subtitle shall require compliance with all appli-
10 cable provisions of Federal and State environmental law
11 and shall also require the following:

12 (1) Standards at least as effective as the safety
13 and environmental mitigation measures set forth in
14 items 1 through 29 at pages 167 through 169 of the
15 “Final Legislative Environmental Impact State-
16 ment” (April 1987) on the Coastal Plain.

17 (2) Seasonal limitations on exploration, develop-
18 ment, and related activities, where necessary, to
19 avoid significant adverse effects during periods of
20 concentrated fish and wildlife breeding, denning,
21 nesting, spawning, and migration.

22 (3) That exploration activities, except for sur-
23 face geological studies, be limited to the period be-
24 tween approximately November 1 and May 1 each
25 year and that exploration activities shall be sup-

1 ported by ice roads, winter trails with adequate snow
2 cover, ice pads, ice airstrips, and air transport meth-
3 ods, except that such exploration activities may
4 occur at other times, if the Secretary finds that such
5 exploration will have no significant adverse effect on
6 the fish and wildlife, their habitat, and the environ-
7 ment of the Coastal Plain.

8 (4) Design safety and construction standards
9 for all pipelines and any access and service roads,
10 that—

11 (A) minimize, to the maximum extent pos-
12 sible, adverse effects upon the passage of mi-
13 gratory species such as caribou; and

14 (B) minimize adverse effects upon the flow
15 of surface water by requiring the use of cul-
16 verts, bridges, and other structural devices.

17 (5) Prohibitions on public access and use on all
18 pipeline access and service roads.

19 (6) Stringent reclamation and rehabilitation re-
20 quirements, consistent with the standards set forth
21 in this subtitle, requiring the removal from the
22 Coastal Plain of all oil and gas development and
23 production facilities, structures, and equipment upon
24 completion of oil and gas production operations, ex-
25 cept that the Secretary may exempt from the re-

1 requirements of this paragraph those facilities, struc-
2 tures, or equipment that the Secretary determines
3 would assist in the management of the Arctic Na-
4 tional Wildlife Refuge and that are donated to the
5 United States for that purpose.

6 (7) Appropriate prohibitions or restrictions on
7 access by all modes of transportation.

8 (8) Appropriate prohibitions or restrictions on
9 sand and gravel extraction.

10 (9) Consolidation of facility siting.

11 (10) Appropriate prohibitions or restrictions on
12 use of explosives.

13 (11) Avoidance, to the extent practicable, of
14 springs, streams, and river system; the protection of
15 natural surface drainage patterns, wetlands, and ri-
16 parian habitats; and the regulation of methods or
17 techniques for developing or transporting adequate
18 supplies of water for exploratory drilling.

19 (12) Avoidance or reduction of air traffic-re-
20 lated disturbance to fish and wildlife.

21 (13) Treatment and disposal of hazardous and
22 toxic wastes, solid wastes, reserve pit fluids, drilling
23 muds and cuttings, and domestic wastewater, includ-
24 ing an annual waste management report, a haz-
25 ardous materials tracking system, and a prohibition

1 on chlorinated solvents, in accordance with applica-
2 ble Federal and State environmental law.

3 (14) Fuel storage and oil spill contingency plan-
4 ning.

5 (15) Research, monitoring, and reporting re-
6 quirements.

7 (16) Field crew environmental briefings.

8 (17) Avoidance of significant adverse effects
9 upon subsistence hunting, fishing, and trapping by
10 subsistence users.

11 (18) Compliance with applicable air and water
12 quality standards.

13 (19) Appropriate seasonal and safety zone des-
14 ignations around well sites, within which subsistence
15 hunting and trapping shall be limited.

16 (20) Reasonable stipulations for protection of
17 cultural and archeological resources.

18 (21) All other protective environmental stipula-
19 tions, restrictions, terms, and conditions deemed
20 necessary by the Secretary.

21 (e) CONSIDERATIONS.—In preparing and promul-
22 gating regulations, lease terms, conditions, restrictions,
23 prohibitions, and stipulations under this section, the Sec-
24 retary shall consider the following:

1 (1) The stipulations and conditions that govern
2 the National Petroleum Reserve-Alaska leasing pro-
3 gram, as set forth in the 1999 Northeast National
4 Petroleum Reserve-Alaska Final Integrated Activity
5 Plan/Environmental Impact Statement.

6 (2) The environmental protection standards
7 that governed the initial Coastal Plain seismic explo-
8 ration program under parts 37.31 to 37.33 of title
9 50, Code of Federal Regulations.

10 (3) The land use stipulations for exploratory
11 drilling on the KIC-ASRC private lands that are set
12 forth in Appendix 2 of the August 9, 1983, agree-
13 ment between Arctic Slope Regional Corporation and
14 the United States.

15 (f) FACILITY CONSOLIDATION PLANNING.—

16 (1) IN GENERAL.—The Secretary shall, after
17 providing for public notice and comment, prepare
18 and update periodically a plan to govern, guide, and
19 direct the siting and construction of facilities for the
20 exploration, development, production, and transpor-
21 tation of Coastal Plain oil and gas resources.

22 (2) OBJECTIVES.—The plan shall have the fol-
23 lowing objectives:

24 (A) Avoiding unnecessary duplication of fa-
25 cilities and activities.

1 (B) Encouraging consolidation of common
2 facilities and activities.

3 (C) Locating or confining facilities and ac-
4 tivities to areas that will minimize impact on
5 fish and wildlife, their habitat, and the environ-
6 ment.

7 (D) Utilizing existing facilities wherever
8 practicable.

9 (E) Enhancing compatibility between wild-
10 life values and development activities.

11 (g) ACCESS TO PUBLIC LANDS.—The Secretary
12 shall—

13 (1) manage public lands in the Coastal Plain
14 subject to subsections (a) and (b) of section 811 of
15 the Alaska National Interest Lands Conservation
16 Act (16 U.S.C. 3121); and

17 (2) ensure that local residents shall have rea-
18 sonable access to public lands in the Coastal Plain
19 for traditional uses.

20 **SEC. 1007. EXPEDITED JUDICIAL REVIEW.**

21 (a) FILING OF COMPLAINT.—

22 (1) DEADLINE.—Subject to paragraph (2), any
23 complaint seeking judicial review of any provision of
24 this subtitle or any action of the Secretary under

1 this subtitle shall be filed in any appropriate district
2 court of the United States—

3 (A) except as provided in subparagraph
4 (B), within the 90-day period beginning on the
5 date of the action being challenged; or

6 (B) in the case of a complaint based solely
7 on grounds arising after such period, within 90
8 days after the complainant knew or reasonably
9 should have known of the grounds for the com-
10 plaint.

11 (2) VENUE.—Any complaint seeking judicial re-
12 view of an action of the Secretary under this subtitle
13 may be filed only in the United States Court of Ap-
14 peals for the District of Columbia.

15 (3) LIMITATION ON SCOPE OF CERTAIN RE-
16 VIEW.—Judicial review of a Secretarial decision to
17 conduct a lease sale under this subtitle, including
18 the environmental analysis thereof, shall be limited
19 to whether the Secretary has complied with the
20 terms of this subtitle and shall be based upon the
21 administrative record of that decision. The Sec-
22 retary's identification of a preferred course of action
23 to enable leasing to proceed and the Secretary's
24 analysis of environmental effects under this subtitle
25 shall be presumed to be correct unless shown other-

1 wise by clear and convincing evidence to the con-
2 trary.

3 (b) LIMITATION ON OTHER REVIEW.—Actions of the
4 Secretary with respect to which review could have been
5 obtained under this section shall not be subject to judicial
6 review in any civil or criminal proceeding for enforcement.

7 **SEC. 1008. FEDERAL AND STATE DISTRIBUTION OF REVE-**
8 **NUES.**

9 (a) IN GENERAL.—Notwithstanding any other provi-
10 sion of law, of the amount of adjusted bonus, rental, and
11 royalty revenues from oil and gas leasing and operations
12 authorized under this subtitle—

13 (1) 50 percent shall be paid to the State of
14 Alaska; and

15 (2) except as provided in section 1011(d), the
16 balance shall be deposited into the Treasury as mis-
17 cellaneous receipts.

18 (b) PAYMENTS TO ALASKA.—Payments to the State
19 of Alaska under this section shall be made semiannually.

20 (c) USE OF BONUS PAYMENTS FOR LOW-INCOME
21 HOME ENERGY ASSISTANCE.—Amounts that are received
22 by the United States as bonuses for leases under this sub-
23 title and deposited into the Treasury under subsection
24 (a)(2) may be appropriated to the Secretary of the Health
25 and Human Services, in addition to amounts otherwise

1 available, to provide assistance under the Low-Income
2 Home Energy Assistance Act of 1981 (42 U.S.C. 8621
3 et seq.).

4 **SEC. 1009. RIGHTS-OF-WAY ACROSS THE COASTAL PLAIN.**

5 (a) EXEMPTION.—Title XI of the Alaska National In-
6 terest Lands Conservation Act of 1980 (16 U.S.C. 3161
7 et seq.) shall not apply to the issuance by the Secretary
8 under section 28 of the Mineral Leasing Act (30 U.S.C.
9 185) of rights-of-way and easements across the Coastal
10 Plain for the transportation of oil and gas.

11 (b) TERMS AND CONDITIONS.—The Secretary shall
12 include in any right-of-way or easement referred to in sub-
13 section (a) such terms and conditions as may be necessary
14 to ensure that transportation of oil and gas does not result
15 in a significant adverse effect on the fish and wildlife, sub-
16 sistence resources, their habitat, and the environment of
17 the Coastal Plain, including requirements that facilities be
18 sited or designed so as to avoid unnecessary duplication
19 of roads and pipelines.

20 (c) REGULATIONS.—The Secretary shall include in
21 regulations under section 1002(g) provisions granting
22 rights-of-way and easements described in subsection (a)
23 of this section.

1 **SEC. 1010. CONVEYANCE.**

2 In order to maximize Federal revenues by removing
3 clouds on title to lands and clarifying land ownership pat-
4 terns within the Coastal Plain, the Secretary, notwith-
5 standing the provisions of section 1302(h)(2) of the Alas-
6 ka National Interest Lands Conservation Act (16 U.S.C.
7 3192(h)(2)), shall convey—

8 (1) to the Kaktovik Inupiat Corporation the
9 surface estate of the lands described in paragraph 1
10 of Public Land Order 6959, to the extent necessary
11 to fulfill the Corporation's entitlement under section
12 12 of the Alaska Native Claims Settlement Act (43
13 U.S.C. 1611) in accordance with the terms and con-
14 ditions of the Agreement between the Department of
15 the Interior, the United States Fish and Wildlife
16 Service, the Bureau of Land Management, and the
17 Kaktovik Inupiat Corporation effective January 22,
18 1993; and

19 (2) to the Arctic Slope Regional Corporation
20 the remaining subsurface estate to which it is enti-
21 tled pursuant to the August 9, 1983, agreement be-
22 tween the Arctic Slope Regional Corporation and the
23 United States of America.

24 **SEC. 1011. LOCAL GOVERNMENT IMPACT AID AND COMMU-
25 NITY SERVICE ASSISTANCE.**

26 (a) **FINANCIAL ASSISTANCE AUTHORIZED.**—

1 (1) IN GENERAL.—The Secretary may use
2 amounts available from the Coastal Plain Local Gov-
3 ernment Impact Aid Assistance Fund established by
4 subsection (d) to provide timely financial assistance
5 to entities that are eligible under paragraph (2) and
6 that are directly impacted by the exploration for or
7 production of oil and gas on the Coastal Plain under
8 this subtitle.

9 (2) ELIGIBLE ENTITIES.—The North Slope
10 Borough, Kaktovik, and other boroughs, municipal
11 subdivisions, villages, and any other community or-
12 ganized under Alaska State law shall be eligible for
13 financial assistance under this section.

14 (b) USE OF ASSISTANCE.—Financial assistance
15 under this section may be used only for—

16 (1) planning for mitigation of the potential ef-
17 fects of oil and gas exploration and development on
18 environmental, social, cultural, recreational and sub-
19 sistence values;

20 (2) implementing mitigation plans and main-
21 taining mitigation projects;

22 (3) developing, carrying out, and maintaining
23 projects and programs that provide new or expanded
24 public facilities and services to address needs and
25 problems associated with such effects, including fire-

1 fighting, police, water, waste treatment, medivac,
2 and medical services; and

3 (4) establishment of a coordination office, by
4 the North Slope Borough, in the City of Kaktovik,
5 which shall—

6 (A) coordinate with and advise developers
7 on local conditions, impact, and history of the
8 areas utilized for development; and

9 (B) provide to the Committee on Resources
10 of the Senate and the Committee on Energy
11 and Resources of the Senate an annual report
12 on the status of coordination between devel-
13 opers and the communities affected by develop-
14 ment.

15 (c) APPLICATION.—

16 (1) IN GENERAL.—Any community that is eligi-
17 ble for assistance under this section may submit an
18 application for such assistance to the Secretary, in
19 such form and under such procedures as the Sec-
20 retary may prescribe by regulation.

21 (2) NORTH SLOPE BOROUGH COMMUNITIES.—A
22 community located in the North Slope Borough may
23 apply for assistance under this section either directly
24 to the Secretary or through the North Slope Bor-
25 ough.

1 (3) APPLICATION ASSISTANCE.—The Secretary
2 shall work closely with and assist the North Slope
3 Borough and other communities eligible for assist-
4 ance under this section in developing and submitting
5 applications for assistance under this section.

6 (d) ESTABLISHMENT OF FUND.—

7 (1) IN GENERAL.—There is established in the
8 Treasury the Coastal Plain Local Government Im-
9 pact Aid Assistance Fund.

10 (2) USE.—Amounts in the fund may be used
11 only for providing financial assistance under this
12 section.

13 (3) DEPOSITS.—Subject to paragraph (4), there
14 shall be deposited into the fund amounts received by
15 the United States as revenues derived from rents,
16 bonuses, and royalties under on leases and lease
17 sales authorized under this subtitle.

18 (4) LIMITATION ON DEPOSITS.—The total
19 amount in the fund may not exceed \$11,000,000.

20 (5) INVESTMENT OF BALANCES.—The Sec-
21 retary of the Treasury shall invest amounts in the
22 fund in interest bearing government securities.

23 (e) AUTHORIZATION OF APPROPRIATIONS.—To pro-
24 vide financial assistance under this section there is author-
25 ized to be appropriated to the Secretary from the Coastal

1 Plain Local Government Impact Aid Assistance Fund
2 \$5,000,000 for each fiscal year.

3 **Subtitle B—Enhanced Oil Recovery**

4 **SEC. 1021. ENHANCED CREDIT FOR CARBON DIOXIDE IN-**
5 **JECTIONS.**

6 (a) IN GENERAL.—Section 43 of the Internal Rev-
7 enue Code of 1986 (relating to enhanced oil recovery cred-
8 it) is amended by adding at the end the following new sub-
9 section:

10 “(f) ENHANCED CREDIT FOR PROJECTS USING
11 QUALIFIED CARBON DIOXIDE.—

12 “(1) IN GENERAL.—In the case of any qualified
13 enhanced oil recovery project described in paragraph
14 (2), subsection (a) shall be applied by substituting
15 ‘20 percent’ for ‘15 percent’.

16 “(2) SPECIFIED QUALIFIED ENHANCED OIL RE-
17 COVERY PROJECT.—

18 “(A) IN GENERAL.—A qualified enhanced
19 oil recovery project is described in this para-
20 graph if—

21 “(i) the project begins or is substan-
22 tially expanded after December 31, 2006,
23 and

1 “(ii) the project uses qualified carbon
2 dioxide in an oil recovery method which in-
3 volves flooding or injection.

4 “(B) QUALIFIED CARBON DIOXIDE.—For
5 purposes of this subsection, the term ‘qualified
6 carbon dioxide’ means carbon dioxide that is—

7 “(i) from an industrial source, or

8 “(ii) separated from natural gas and
9 natural gas liquids at a natural gas proc-
10 essing plant.

11 “(3) TERMINATION.—This subsection shall not
12 apply to costs paid or incurred for any qualified en-
13 hanced oil recovery project after December 31,
14 2010.”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall apply to costs paid or incurred in taxable
17 years ending after December 31, 2006.

18 **Subtitle C—Department of Defense**
19 **Contract Authority**

20 **SEC. 1031. PROCUREMENT OF FUEL DERIVED FROM COAL,**
21 **OIL SHALE, AND TAR SANDS.**

22 Section 2398a(d) of title 10, United States Code, is
23 amended by striking “1 or more years” and inserting “up
24 to 25 years”.

1 **TITLE II—REFINING**
2 **Subtitle A—Refinery Permitting**
3 **Process**

4 **SEC. 2001. DEFINITIONS.**

5 In this subtitle:

6 (1) **ADMINISTRATOR.**—The term “Adminis-
7 trator” means the Administrator of the Environ-
8 mental Protection Agency.

9 (2) **INDIAN TRIBE.**—The term “Indian tribe”
10 has the meaning given the term in section 4 of the
11 Indian Self-Determination and Education Assistance
12 Act (25 U.S.C. 450b).

13 (3) **PERMIT.**—The term “permit” means any
14 permit, license, approval, variance, or other form of
15 authorization that a refiner is required to obtain—

16 (A) under any Federal law; or

17 (B) from a State or Indian tribal govern-
18 ment agency delegated authority by the Federal
19 Government, or authorized under Federal law,
20 to issue permits.

21 (4) **REFINER.**—The term “refiner” means a
22 person that—

23 (A) owns or operates a refinery; or

24 (B) seeks to become an owner or operator
25 of a refinery.

1 (5) REFINERY.—

2 (A) IN GENERAL.—The term “refinery”
3 means—

4 (i) a facility at which crude oil is re-
5 fined into transportation fuel or other pe-
6 troleum products; and

7 (ii) a coal liquification or coal-to-liquid
8 facility at which coal is processed into syn-
9 thetic crude oil or any other fuel.

10 (B) INCLUSIONS.—The term “refinery” in-
11 cludes—

12 (i) an expansion of a refinery;

13 (ii) a biorefinery; and

14 (iii) any facility that produces a re-
15 newable fuel (as defined in section
16 211(o)(1) of the Clean Air Act (42 U.S.C.
17 7545(o)(1)).

18 (6) REFINERY PERMITTING AGREEMENT.—The
19 term “refinery permitting agreement” means an
20 agreement entered into between the Administrator
21 and a State or Indian tribe under section 2004.

22 (7) SECRETARY.—The term “Secretary” means
23 the Secretary of Commerce.

24 (8) STATE.—The term “State” means—

25 (A) a State;

1 (B) the District of Columbia;
2 (C) the Commonwealth of Puerto Rico;
3 and
4 (D) any other territory or possession of the
5 United States.

6 **SEC. 2002. STREAMLINING OF REFINERY PERMITTING**
7 **PROCESS.**

8 (a) IN GENERAL.—At the request of the Governor
9 of a State or the governing body of an Indian tribe, the
10 Administrator shall enter into a refinery permitting agree-
11 ment with the State or Indian tribe under which the proc-
12 ess for obtaining all permits necessary for the construction
13 and operation of a refinery shall be streamlined using a
14 systematic interdisciplinary multimedia approach as pro-
15 vided in this subtitle.

16 (b) AUTHORITY OF ADMINISTRATOR.—Under a refin-
17 ery permitting agreement—

18 (1) the Administrator shall have authority, as
19 applicable and necessary, to—

20 (A) accept from a refiner a consolidated
21 application for all permits that the refiner is re-
22 quired to obtain to construct and operate a re-
23 finery;

24 (B) in consultation and cooperation with
25 each Federal, State, or Indian tribal govern-

1 ment agency that is required to make any de-
2 termination to authorize the issuance of a per-
3 mit, establish a schedule under which each
4 agency shall—

5 (i) concurrently consider, to the max-
6 imum extent practicable, each determina-
7 tion to be made; and

8 (ii) complete each step in the permit-
9 ting process; and

10 (C) issue a consolidated permit that com-
11 bines all permits issued under the schedule es-
12 tablished under subparagraph (B); and

13 (2) the Administrator shall provide to State and
14 Indian tribal government agencies—

15 (A) financial assistance in such amounts as
16 the agencies reasonably require to hire such ad-
17 ditional personnel as are necessary to enable
18 the government agencies to comply with the ap-
19 plicable schedule established under paragraph
20 (1)(B); and

21 (B) technical, legal, and other assistance in
22 complying with the refinery permitting agree-
23 ment.

1 (c) AGREEMENT BY THE STATE.—Under a refinery
2 permitting agreement, a State or governing body of an In-
3 dian tribe shall agree that—

4 (1) the Administrator shall have each of the au-
5 thorities described in subsection (b); and

6 (2) each State or Indian tribal government
7 agency shall—

8 (A) in accordance with State law, make
9 such structural and operational changes in the
10 agencies as are necessary to enable the agencies
11 to carry out consolidated project-wide permit
12 reviews concurrently and in coordination with
13 the Environmental Protection Agency and other
14 Federal agencies; and

15 (B) comply, to the maximum extent prac-
16 ticable, with the applicable schedule established
17 under subsection (b)(1)(B).

18 (d) INTERDISCIPLINARY APPROACH.—

19 (1) IN GENERAL.—The Administrator and a
20 State or governing body of an Indian tribe shall in-
21 corporate an interdisciplinary approach, to the max-
22 imum extent practicable, in the development, review,
23 and approval of permits subject to this section.

24 (2) OPTIONS.—Among other options, the inter-
25 disciplinary approach may include use of—

- 1 (A) environmental management practices;
2 and
3 (B) third party contractors.

4 (e) DEADLINES.—

5 (1) NEW REFINERIES.—In the case of a con-
6 solidated permit for the construction of a new refin-
7 ery, the Administrator and the State or governing
8 body of an Indian tribe shall approve or disapprove
9 the consolidated permit not later than—

10 (A) 360 days after the date of the receipt
11 of the administratively complete application for
12 the consolidated permit; or

13 (B) on agreement of the applicant, the Ad-
14 ministrator, and the State or governing body of
15 the Indian tribe, 90 days after the expiration of
16 the deadline established under subparagraph
17 (A).

18 (2) EXPANSION OF EXISTING REFINERIES.—In
19 the case of a consolidated permit for the expansion
20 of an existing refinery, the Administrator and the
21 State or governing body of an Indian tribe shall ap-
22 prove or disapprove the consolidated permit not later
23 than—

1 (A) 120 days after the date of the receipt
2 of the administratively complete application for
3 the consolidated permit; or

4 (B) on agreement of the applicant, the Ad-
5 ministrator, and the State or governing body of
6 the Indian tribe, 30 days after the expiration of
7 the deadline established under subparagraph
8 (A).

9 (f) FEDERAL AGENCIES.—Each Federal agency that
10 is required to make any determination to authorize the
11 issuance of a permit shall comply with the applicable
12 schedule established under subsection (b)(1)(B).

13 (g) JUDICIAL REVIEW.—Any civil action for review
14 of any permit determination under a refinery permitting
15 agreement shall be brought exclusively in the United
16 States district court for the district in which the refinery
17 is located or proposed to be located.

18 (h) EFFICIENT PERMIT REVIEW.—In order to reduce
19 the duplication of procedures, the Administrator shall use
20 State permitting and monitoring procedures to satisfy
21 substantially equivalent Federal requirements under this
22 Act.

23 (i) SEVERABILITY.—If 1 or more permits that are re-
24 quired for the construction or operation of a refinery are
25 not approved on or before any deadline established under

1 subsection (e), the Administrator may issue a consolidated
2 permit that combines all other permits that the refiner is
3 required to obtain other than any permits that are not
4 approved.

5 (j) SAVINGS.—Nothing in this section affects the op-
6 eration or implementation of otherwise applicable law re-
7 garding permits necessary for the construction and oper-
8 ation of a refinery.

9 (k) CONSULTATION WITH LOCAL GOVERNMENTS.—
10 Congress encourages the Administrator, States, and tribal
11 governments to consult, to the maximum extent prac-
12 ticable, with local governments in carrying out this sec-
13 tion.

14 (l) AUTHORIZATION OF APPROPRIATIONS.—There
15 are authorized to be appropriated such sums as are nec-
16 essary to carry out this section.

17 (m) EFFECT ON LOCAL AUTHORITY.—Nothing in
18 this section affects—

19 (1) the authority of a local government with re-
20 spect to the issuance of permits; or

21 (2) any requirement or ordinance of a local gov-
22 ernment (such as a zoning regulation).

23 **SEC. 2003. FUEL EMERGENCY WAIVERS.**

24 Section 211(c)(4)(C) of the Clean Air Act (42 U.S.C.
25 7545(c)(4)(C)) (as amended by section 1541 of the En-

1 ergy Policy Act of 2005 (Public Law 109–58; 119 Stat.
2 1106)) is amended—

3 (1) by redesignating the first clause (v) as
4 clause (vi);

5 (2) by redesignating the second clause (v) as
6 clause (vii); and

7 (3) by inserting after clause (iv) the following:

8 “(v) A State shall be held harmless and not be re-
9 quired to revise its State implementation plan under sec-
10 tion 110 to account for the emissions from a waiver grant-
11 ed by the Administrator under clause (ii).”.

12 **SEC. 2004. BOUTIQUE FUEL REDUCTIONS.**

13 Section 211(c)(4)(C)(vii) of the Clean Air Act (42
14 U.S.C. 7545(c)(4)(C)(vii)) (as redesignated by section
15 2003(2)) is amended by striking subclauses (III) and (IV)
16 and inserting the following:

17 “(III) The Administrator shall remove a fuel from the
18 list published under subclause (II) if a fuel ceases to be
19 included in a State implementation plan or if a fuel in
20 a State implementation plan is identical to a Federal fuel
21 formulation implemented by the Administrator and shall
22 reduce the total number of fuels permitted to be included
23 in a State implementation plan or revision on the list pub-
24 lished under subclause (II) accordingly.

1 “(IV) Subclause (I) shall not limit the authority of
2 the Administrator to approve a control or prohibition re-
3 specting any new fuel under this paragraph in a State im-
4 plementation plan or revision to a State implementation
5 plan if the new fuel completely replaces a fuel on the list
6 published under subclause (II).”.

7 **SEC. 2005. FISCHER-TROPSCH FUELS.**

8 (a) **IN GENERAL.**—In cooperation with the Secretary
9 of Energy, the Secretary of Defense, the Administrator
10 of the Federal Aviation Administration, Secretary of
11 Health and Human Services, and Fischer-Tropsch indus-
12 try representatives, the Administrator shall—

13 (1) conduct a research and demonstration pro-
14 gram to evaluate the air quality benefits of ultra-
15 clean Fischer-Tropsch transportation fuel, including
16 diesel and jet fuel;

17 (2) evaluate the use of ultra-clean Fischer-
18 Tropsch transportation fuel as a mechanism for re-
19 ducing engine exhaust emissions; and

20 (3) submit recommendations to Congress on the
21 most effective use and associated benefits of these
22 ultra-clean fuel for reducing public exposure to ex-
23 haust emissions.

24 (b) **GUIDANCE AND TECHNICAL SUPPORT.**—The Ad-
25 ministrator shall, to the extent necessary, issue any guid-

1 ance or technical support documents that would facilitate
2 the effective use and associated benefit of Fischer-Tropsch
3 fuel and blends.

4 (c) REQUIREMENTS.—The program described in sub-
5 section (a) shall consider—

6 (1) the use of neat (100 percent) Fischer-
7 Tropsch fuel and blends with conventional crude oil-
8 derived fuel for heavy-duty and light-duty diesel en-
9 gines and the aviation sector; and

10 (2) the production costs associated with domes-
11 tic production of those ultra clean fuel and prices for
12 consumers.

13 (d) REPORTS.—The Administrator shall submit to
14 the Committee on Environment and Public Works of the
15 Senate and the Committee on Energy and Commerce of
16 the House of Representatives—

17 (1) not later than October 1, 2006, an interim
18 report on actions taken to carry out this section; and

19 (2) not later than December 1, 2007, a final re-
20 port on actions taken to carry out this section.

1 **Subtitle B—Accelerated Deprecia-**
2 **tion for Construction and Ex-**
3 **pansion**

4 **SEC. 2011. EXPANSION OF ELECTION TO EXPENSE CERTAIN**
5 **REFINERIES.**

6 (a) **FULL EXPENSING.**—Section 179C(a) of the In-
7 ternal Revenue Code of 1986 (relating to treatment as ex-
8 penses) is amended by striking “50 percent of”.

9 (b) **EFFECTIVE DATE.**—The amendment made by
10 this section shall apply to property placed in service after
11 the date of the enactment of this Act.

12 **TITLE III—INFRASTRUCTURE**
13 **Subtitle A—Accelerated**
14 **Depreciation**

15 **SEC. 3001. TREATMENT OF CERTAIN OIL AND GAS PIPE-**
16 **LINES AS 5-YEAR PROPERTY FOR DEPRECIA-**
17 **TION PURPOSES.**

18 (a) **IN GENERAL.**—Section 168(e)(3)(B) of the Inter-
19 nal Revenue Code of 1986 (relating to 5-year property)
20 is amended—

21 (1) by striking “and” at the end of clause (v),

22 (2) by striking the period at the end of clause
23 (vi)(III) and inserting “, and”, and

24 (3) by inserting after clause (vi)(III) the fol-
25 lowing new clause:

1 “(vii) any oil or natural gas pipeline
2 described in asset class 13.2, the original
3 use of which commences with the taxpayer
4 after the date of the enactment of this
5 clause.”.

6 (b) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to property placed in service after
8 the date of the enactment of this Act.

9 **Subtitle B—Tax-Exempt Financing**

10 **SEC. 3011. TAX-EXEMPT FINANCING OF ENERGY TRANSPOR-** 11 **TATION INFRASTRUCTURE NOT SUBJECT TO** 12 **PRIVATE BUSINESS USE TEST.**

13 (a) IN GENERAL.—Section 141(b)(6) of the Internal
14 Revenue Code of 1986 (defining private business use) is
15 amended by adding at the end the following new subpara-
16 graph:

17 “(C) EXCEPTION FOR CERTAIN ENERGY
18 TRANSPORTATION INFRASTRUCTURE.—

19 “(i) IN GENERAL.—For purposes of
20 the 1st sentence of subparagraph (A), the
21 operation or use of any property described
22 in clause (ii) by any person which is not a
23 governmental unit shall not be considered
24 a private business use.

1 “(ii) PROPERTY DESCRIBED.—For
2 purposes of clause (i), the following prop-
3 erty is described in this clause:

4 “(I) Any tangible property used
5 to transmit electricity at 230 or more
6 kilovolts if such property is placed in
7 service as part of a State or multi-
8 State effort to improve interstate elec-
9 tricity transmission and that is phys-
10 ically located in not less than 2
11 States.

12 “(II) Any tangible property used
13 as a natural gas transmission pipeline
14 if such property is placed in service as
15 part of a State or multi-State effort
16 to improve interstate natural gas
17 transmission and that is physically lo-
18 cated in not less than 2 States or in
19 a geographic area determined by the
20 Federal Energy Regulatory Commis-
21 sion to experience natural gas trans-
22 mission capacity constraints or con-
23 gestion.

24 “(III) Any tangible property used
25 as a transmission pipeline for crude

1 oil or diesel fuel produced from coal
2 or other synthetic petroleum products
3 produced from coal if such property is
4 placed in service as part of a State or
5 multi-State effort to improve the
6 transportation of crude oil or diesel
7 fuel produced from coal or other syn-
8 thetic petroleum products produced
9 from coal.”.

10 (b) EXCEPTION TO PRIVATE LOAN FINANCING
11 TEST.—Section 141(c)(2) of the Internal Revenue Code
12 of 1986 (defining the private loan financing test) is
13 amended—

14 (1) by striking the period at the end of sub-
15 paragraph (B) and adding “, or”; and

16 (2) by adding at the end the following new sub-
17 paragraph:

18 “(C) enables the borrower to finance cer-
19 tain energy transportation infrastructure as de-
20 fined in section 141(b)(6)(C)(ii).”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to bonds issued after the date of
23 the enactment of this Act.

1 **Subtitle C—Emergency Service**
2 **Route**

3 **SEC. 3021. EMERGENCY SERVICE ROUTE.**

4 Section 1948 of the Safe, Accountable, Flexible, Effi-
5 cient Transportation Equity Act: A Legacy for Users
6 (Public Law 109-59; 119 Stat. 1514) is repealed.

7 **TITLE IV—CONSERVATION AND**
8 **EFFICIENCY**

9 **Subtitle A—CAFE Standards**

10 **SEC. 4001. REVISED CONSIDERATIONS FOR DECISIONS ON**
11 **MAXIMUM FEASIBLE AVERAGE FUEL ECON-**
12 **OMY.**

13 Section 32902 of title 49, United States Code, is
14 amended by striking subsection (f) and inserting the fol-
15 lowing:

16 “(f) CONSIDERATIONS FOR DECISIONS ON MAXIMUM
17 FEASIBLE AVERAGE FUEL ECONOMY.—When deciding
18 maximum feasible average fuel economy under this sec-
19 tion, the Secretary of Transportation shall consider the
20 following matters:

21 “(1) Technological feasibility.

22 “(2) Economic practicability.

23 “(3) The effect of other motor vehicle standards
24 of the Federal Government on fuel economy.

1 “(4) The need of the United States to conserve
2 energy.

3 “(5) The desirability of reducing United States
4 dependence on imported oil.

5 “(6) The effects of the average fuel economy
6 standards on motor vehicle and passenger safety.

7 “(7) The effects of increased fuel economy on
8 air quality.

9 “(8) The adverse effects of average fuel econ-
10 omy standards on the relative competitiveness of
11 manufacturers.

12 “(9) The effects of compliance with average fuel
13 economy standards on levels of employment in the
14 United States.

15 “(10) The cost and lead time necessary for the
16 introduction of the necessary new technologies.

17 “(11) The potential for advanced technology ve-
18 hicles, such as hybrid and fuel cell vehicles, to con-
19 tribute to the achievement of significant reductions
20 in fuel consumption.

21 “(12) The extent to which the necessity for ve-
22 hicle manufacturers to incur near-term costs to com-
23 ply with the average fuel economy standards ad-
24 versely affects the availability of resources for the

1 development of advanced technology for the propul-
2 sion of motor vehicles.

3 “(13) The report of the National Research
4 Council entitled ‘Effectiveness and Impact of Cor-
5 porate Average Fuel Economy Standards’, issued in
6 January 2002.”.

7 **SEC. 4002. INCREASED FUEL ECONOMY STANDARDS.**

8 (a) **NEW REGULATIONS REQUIRED FOR PASSENGER**
9 **AUTOMOBILES.—**

10 (1) **REQUIREMENT.—**

11 (A) **IN GENERAL.—**The Secretary of
12 Transportation shall issue, under section 32902
13 of title 49, United States Code, new regulations
14 setting forth increased average fuel economy
15 standards for passenger automobiles.

16 (B) **DETERMINATION.—**The regulations
17 shall be determined on the basis of the max-
18 imum feasible average fuel economy levels for
19 the passenger automobiles, taking into consider-
20 ation the matters set forth in subsection (f) of
21 that section.

22 (2) **TIME FOR ISSUING REGULATIONS.—**Not
23 later than 18 months after the date of enactment of
24 this Act, the Secretary of Transportation shall issue
25 the final regulations under paragraph (1).

1 (b) PHASED INCREASES.—The regulations issued
2 pursuant to subsection (a) shall specify standards that
3 take effect successively over several vehicle model years
4 not exceeding 15 vehicle model years.

5 (c) CLARIFICATION OF AUTHORITY TO AMEND PAS-
6 Senger Automobile Standard.—Section 32902(b) of
7 title 49, United States Code, is amended by inserting be-
8 fore the period at the end the following: “or such other
9 standard as the Secretary prescribes under subsection
10 (c)”.

11 (d) ENVIRONMENTAL ASSESSMENT.—When issuing
12 final regulations setting forth increased average fuel econ-
13 omy standards under subsection (a) or (c) of section
14 32902 of title 49, United States Code, the Secretary of
15 Transportation shall issue an environmental assessment of
16 the effects of the increased standards on the environment
17 under the National Environmental Policy Act of 1969 (42
18 U.S.C. 4321 et seq.).

19 (e) AUTHORIZATION OF APPROPRIATIONS.—There is
20 authorized to be appropriated to the Secretary of Trans-
21 portation \$5,000,000 for each of fiscal years 2007 through
22 2012 for carrying out this section and for administering
23 the regulations issued pursuant to this section.

1 **SEC. 4003. EXPEDITED PROCEDURES FOR CONGRESSIONAL**
2 **INCREASE IN FUEL ECONOMY STANDARDS.**

3 (a) **CONDITION FOR APPLICABILITY.**—If the Sec-
4 retary of Transportation fails to issue final regulations
5 with respect to passenger automobiles under section 4002
6 on or before the date by which such final regulations are
7 required by that section to be issued, respectively, this sec-
8 tion shall apply with respect to a bill described in sub-
9 section (b).

10 (b) **BILL.**—A bill referred to in subsection (a) is a
11 bill that satisfies the following requirements:

12 (1) **INTRODUCTION.**—The bill is introduced by
13 1 or more Members of Congress by not later than
14 60 days after the date referred to in subsection (a).

15 (2) **TITLE.**—The title of the bill is as follows:
16 “A bill to establish new average fuel economy stand-
17 ards for certain motor vehicles.”.

18 (3) **TEXT.**—The bill provides after the enacting
19 clause only the text specified in subparagraph (A) or
20 any provision described in subparagraph (B), as fol-
21 lows:

22 (A) **PASSENGER AUTOMOBILES.**—In the
23 case of a bill relating to a failure timely to issue
24 final regulations relating to passenger auto-
25 mobiles, the following text, with the first blank
26 space being filled in with the number of a year

1 and the second blank space being filled in with
2 a number:

3 **“SECTION 1. PASSENGER AUTOMOBILES.**

4 “Section 32902 of title 49, United States Code, is
5 amended by striking subsection (b) and inserting the fol-
6 lowing:

7 ‘(b) PASSENGER AUTOMOBILES.—Except as provided
8 in this section, the average fuel economy standard for pas-
9 senger automobiles manufactured by a manufacturer in a
10 model year after model year _____ shall be _____ miles per
11 gallon.’”

12 (B) SUBSTITUTE TEXT.—Any text sub-
13 stituted by an amendment that is in order
14 under subsection (c)(3).

15 (c) EXPEDITED PROCEDURES.—A bill described in
16 subsection (b) shall be considered in a House of Congress
17 in accordance with the procedures provided for the consid-
18 eration of joint resolutions in paragraphs (3) through (8)
19 of section 8066(c) of the Department of Defense Appro-
20 priations Act, 1985 (as contained in section 101(h) of
21 Public Law 98–473; 98 Stat. 1936), with the following
22 exceptions:

23 (1) REFERENCES TO RESOLUTION.—The ref-
24 erences in those paragraphs to a resolution shall be

1 deemed to refer to the bill described in subsection
2 (b).

3 (2) COMMITTEES OF JURISDICTION.—The com-
4 mittees to which the bill is referred under this sub-
5 section shall—

6 (A) in the Senate, be the Committee on
7 Commerce, Science, and Transportation; and

8 (B) in the House of Representatives, be
9 the Committee on Energy and Commerce.

10 (3) AMENDMENTS.—

11 (A) AMENDMENTS IN ORDER.—Only 4
12 amendments to the bill are in order in each
13 House, as follows:

14 (i) 2 amendments proposed by the
15 majority leader of that House.

16 (ii) 2 amendments proposed by the
17 minority leader of that House.

18 (B) FORM AND CONTENT.—To be in order
19 under subparagraph (A), an amendment shall
20 propose to strike all after the enacting clause
21 and substitute text that only includes the same
22 text as is proposed to be stricken except for 1
23 or more different numbers in the text.

24 (C) REQUIREMENTS FOR CONSIDER-
25 ATION.—Subparagraph (B) of section

1 8066(c)(5) of the Department of Defense Ap-
2 propriations Act, 1985 (98 Stat. 1936), shall
3 apply to the consideration of each amendment
4 proposed under this paragraph in the same
5 manner as that subparagraph applies to debat-
6 able motions.

7 **Subtitle B—Natural Gas Energy**
8 **Star Program**

9 **SEC. 4011. EFFICIENCY.**

10 (a) METHANE REDUCTION PROJECTS.—

11 (1) IN GENERAL.—Not later than 180 days
12 after the date of enactment of this Act, the Adminis-
13 trator of the Federal Energy Regulatory Commis-
14 sion shall solicit applications from eligible entities,
15 as determined by the Administrator, for grants
16 under the Natural Gas STAR Program under the
17 Environmental Protection Agency to pay the Federal
18 share of the cost of projects relating to the reduction
19 of methane emissions in the oil and gas industries.

20 (2) PROJECT INCLUSIONS.—To receive a grant
21 under paragraph (1), the application of the eligible
22 entity shall include—

23 (A) an identification of 1 or more tech-
24 nologies used to achieve a reduction in the
25 emission of methane; and

1 (B) an analysis of the cost-effectiveness of
2 a technology described in subparagraph (A).

3 (3) LIMITATION.—A grant to an eligible entity
4 under this subsection shall not exceed \$50,000.

5 (4) FEDERAL SHARE.—The Federal share of
6 the cost of a project under this subsection shall not
7 exceed 50 percent.

8 (5) AUTHORIZATION OF APPROPRIATIONS.—
9 There is authorized to be appropriated to carry out
10 this subsection \$1,000,000 for the period of fiscal
11 years 2006 through 2010.

12 (b) EFFICIENCY PROMOTION WORKSHOPS.—

13 (1) IN GENERAL.—The Administrator, in con-
14 junction with the Interstate Oil and Gas Compact
15 Commission, shall conduct a series of technical
16 workshops to provide information to officials in oil-
17 and gas-producing States relating to methane emis-
18 sion reduction techniques.

19 (2) AUTHORIZATION OF APPROPRIATIONS.—
20 There is authorized to be appropriated to carry out
21 this subsection \$1,000,000 for the period of fiscal
22 years 2006 through 2010.