



Legislative Bulletin.....June 16, 2004

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Summary of the Bills Under Consideration Today:

Total Number of New Government Programs: 1 new program and 1 new fund

Total Cost of Discretionary Authorizations: \$0

Total Amount of Revenue Reductions: Revenue increases expected from the ANWR bill

Total Change in Mandatory Spending: \$0

Total New State & Local Government Mandates: 0

Total New Private Sector Mandates: 0

H.R. 4517 — United States Refinery Revitalization Act of 2004 (Barton)

Order of Business: The bill is scheduled for consideration on Wednesday, June 16, 2004, subject to a closed rule.

Summary: The bill authorizes the Secretary of Energy to designate areas as “Refinery Revitalization Zones” and establishes procedures to expedite approval of refineries in the U.S. Zones can be established in an area that has experienced mass layoffs at manufacturing facilities (as determined by the Secretary of Labor) or contains an “idle refinery” (defined as out of operation as of June 1, 2004), and that also has an unemployment rate of at least 20% above the national average.

The bill sets the Department of Energy (DOE) as the lead agency to coordinate and expedite the permitting process and authorizes DOE to establish binding deadlines for the review of federal authorization decisions relating to the refinery facility (within six months, or if circumstances require, as soon as practicable). DOE is authorized to create a single environmental review document to be used as the basis for all decisions regarding federal law and the proposed project. The bill also establishes an appeal process with a decision required from the Secretary within 60 days.

H.R. 4517 defines “refinery facility” as “any facility designed and operated to refine raw crude oil into gasoline, heating oil, diesel fuel, or jet fuel by any chemical or physical process, including distillation, fluid catalytic cracking, hydrocracking, coking, alkylation, etherification, polymerization, catalytic reforming, isomerization, hydrotreating, blending, and any combination thereof.”

Additional Information: According to the findings in the bill, 153 refineries operate in the U.S. today, down from 324 in 1981, with almost 25% of our Nation’s refining capacity controlled by foreign ownership. Refineries process 48% of the crude oil in the U.S. for the production of gasoline. By 2025, United States gasoline consumption is projected to rise from 8.9 million barrels per day to 13.3 barrels per day. There is increased demand for diesel fuel and home heating oil, and jet fuel consumption is projected to be 760,000 barrels per day higher in 2025 than today. The U.S. currently imports 7% of its refined petroleum products, but few foreign refiners can produce the clean fuels required in the U.S. According the committee, heavy industry and manufacturing jobs have closed or relocated “due to barriers to investment, burdensome regulation, and high costs of operation.”

Committee Action: The bill was introduced on June 4, 2004, and referred to the House Committee on Energy and Commerce. The committee did not consider the bill.

Cost to Taxpayers: The bill does not authorize any expenditure and a CBO cost estimate is unavailable.

Does the Bill Create New Federal Programs or Rules?: The bill creates a new administrative procedure for expediting federal approval of refinery facilities in certain economic areas.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Constitutional Authority: A committee report citing authority is unavailable.

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H.R. 4529—Arctic Coastal Plain and Surface Mining Improvement Act (Pombo)

Order of Business: The bill is scheduled to be considered on Wednesday, June 16th, under a modified closed rule (H.Res. 672). The rule makes in order only the Pombo (Manager’s) amendment in the nature of a substitute (see below).

Summary of base bill:

ANWR:

H.R. 4529 would allow for oil and gas leasing in the Arctic National Wildlife Refuge (ANWR) that would result in an “environmentally sound program for the exploration, development, and production” of the oil and gas in ANWR. The Secretary of the Interior, charged with overseeing the leasing (first lease required within 22 months of enactment), would have to ensure that the oil and gas activities (including transportation) would result in “no significant adverse effect on fish and wildlife, their habitat, subsistence resources, and the environment.” The Secretary would have to prepare an environmental impact statement for the leasing proposal under this bill (plus one leasing-plan alternative) before proceeding with any lease contract. Additionally, the Secretary would have to ensure that the leasing yields fair market receipts for the resources.

The maximum amount of surface coverage covered by production and support of lessee facilities does not exceed 2,000 acres. Leases authorized by this legislation would have to comply with all applicable provisions of federal and state environmental law and with other requirements outlined in the bill, such as:

- limiting exploration to November 1 through May 1;
- designing safety and construction standards for pipelines and access roads that minimize the adverse effects on migratory species (such as caribou) and on the flow of surface water;
- requiring the removal of all equipment once exploration is completed;
- protecting wetlands “to the extent practicable;”
- avoiding or reducing air traffic-related disturbance to fish and wildlife;”
- planning for oil-spill contingencies;
- avoiding significant adverse effects on subsistence hunting, fishing, and trapping; and
- protecting cultural and archaeological resources.

The Secretary of the Interior could designate up to 45,000 acres of “Special Areas” for oil and gas leasing, which require unique management and regulatory protection, pending consultation with state and local authorities, and must designate the 4000-acre Sadlerochit Spring as a Special Area. No “Special Area” could encompass lands with “surface occupancy.”

The public would be allowed input into siting plans and would be ensured reasonable access to public lands in ANWR for traditional uses.

The bill specifies terms on grants of leases, lease terms, and sales conditions.

The bill establishes expedited judicial review processes for complaints against the federal government regarding leases and lease applications in ANWR and limits the venue to the U.S. District Court of Appeals for the District of Columbia.

Fifty percent of the leasing revenues collected by the federal government (via the Secretary of the Interior) would go to Alaska (in semiannual payments), and the balance would go to the U.S. Treasury as miscellaneous receipts.

H.R. 4529 would establish the Coastal Plain Local Government Impact Aid Assistance Fund within the U.S. Treasury to help mitigate the potential effects of oil and gas exploration and development on local cultural values and municipal services. The Fund, which could never exceed \$11 million, would be funded with revenues from lease rents and royalties. \$5 million per fiscal year is authorized to the Interior Secretary to deposit in the Fund.

The bill specifies that nothing in this Act should be considered to expand or limit state or local regulatory authority.

Abandoned Mines:

H.R. 4529 would also reauthorize and reform the Abandoned Mine Lands Program (AML). Primarily, the bill would extend the authority to assess (20% reduced) fees on mined coal to finance the AML Reclamation Fund for an additional 15 years (through 2019) in order to finance healthcare benefits for retired mine workers and to address health and safety concerns from abandoned mines. Adjustments to AML fee collections and allocations would also be implemented. An annual grant of not less than \$2 million would be required to be distributed from the Fund to each qualifying state and tribe. Certain transfers from the AML Fund to the Combined Benefit (CB) Fund (for coal miner health care) would be authorized.

The bill would eliminate the Rural Abandoned Mine Program (RAMP), for which no appropriations have been made for five years, and allocate the savings to historic production.

The bill would create the Coal Mining Fairness Fund with future ANWR revenues to make previously owed payments to the CB Fund. Without ANWR revenues, this supplemental funding system for coal miners' health benefits will not exist.

H.R. 4529 would allow subsidiaries of coal companies to work with the Department of Labor to determine their future liability to the CB Fund and to pre-fund that liability by making a direct payment to the Fund.

Additional Background: The Coastal Plain of the Arctic National Wildlife Refuge (the area addressed by this legislation) is comprised of about 1.55 million acres. ANWR in total comprises 19.6 million acres. For more background on ANWR, visit these webpages:

<http://resourcescommittee.house.gov/issues/emr/report/history.htm>

<http://resourcescommittee.house.gov/issues/emr/report/facts.htm>

<http://resourcescommittee.house.gov/issues/emr/report/resources.htm>

<http://resourcescommittee.house.gov/issues/emr/report/wildlife.htm>

The Abandoned Mine Land (AML) Reclamation Fund, funded through fee assessments on coal production, was established in 1977 to finance the reclamation of abandoned mine sites. The authorization to collect this fee is scheduled to expire at the end of FY2004.

The Combined Benefit (CB) Fund was established in 1992 to pay lifetime health benefits to coal miner retirees and their families.

Pombo (Manager's) Amendment in the Nature of a Substitute Made in Order under the Rule: Makes certain technical changes regarding the funding mechanisms. According to the Resources Committee, the language in the base bill does not place all stakeholders on an equal footing in regard to treatment of their coal miner healthcare benefits obligations and liabilities. The manager's amendment would ensure such equity by placing each stakeholder in line to receive monies from each of the funding mechanisms referenced in the summary above. The amendment would also more explicitly link the success of increasing health care benefits for coal miners with the success of ANWR.

Committee Action: On June 9, 2004, the bill was referred to the Resources and the Ways & Means Committees, neither of which took official action on the bill. The ANWR language in this bill is very similar to that in the original House-passed version of the Energy Policy Act (H.R. 6).

Administration Position: The Administration strongly supports this legislation.

Cost to Taxpayers: A revenue estimate for H.R. 4529 is unavailable at this time.

Does the Bill Create New Federal Programs or Rules?: The bill would provide for leasing on the Coastal Plain of ANWR, reauthorize fee assessments for coal miner benefits, and create a new fund for such benefits.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Constitutional Authority: A committee report citing constitutional authority is unavailable.

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