115TH CONGRESS
2d Session } HOUSE OF REPRESENTATIVES { REPT. 115–1067
Part 1

EDUCATION AND ENERGY ACT OF 2018

DECEMBER 6, 2018.—Ordered to be printed

Mr. BISHOP of Utah, from the Committee on Natural Resources, submitted the following

R E P O R T

together with

DISSENTING VIEWS

[To accompany H.R. 5859]

[Including cost estimate of the Congressional Budget Office]

The Committee on Natural Resources, to whom was referred the bill (H.R. 5859) to amend the Mineral Leasing Act to require that a portion of revenues from new Federal mineral and geothermal leases be paid to States for use to supplement the education of students in kindergarten through grade 12 and public support of institutions of higher education, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Education and Energy Act of 2018".

SEC. 2. USE OF REVENUES FROM NEW FEDERAL MINERAL AND GEOTHERMAL LEASES FOR PAYMENTS TO STATE FOR EDUCATION.

Section 35(a) of the Mineral Leasing Act (30 U.S.C. 191) is amended by inserting "(1)" before the first sentence, and by adding at the end the following new paragraph:

"(2)(A) Of amounts otherwise required under paragraph (1) to be deposited into the general fund of the Treasury each fiscal year that are derived from leases for tracts located in a State, the Secretary shall pay to the county from which the mineral or geothermal royalties were generated 33 percent for use to supplement the education of students in kindergarten through grade 12 and to supplement public support of institutions of higher education.

"(B) Of the amounts otherwise required under paragraph (1) to be deposited into the general fund of the Treasury each fiscal year that are not required to be used for payments under subparagraph (A) of this paragraph, the Secretary shall pay to

States, in equal amounts, 17 percent for use to supplement the education of students in kindergarten through grade 12 and to supplement public support of institutions of higher education.

"(C) Subparagraphs (A) and (B) shall apply only with respect to amounts that—

"(i) are received by the United States under leases entered into under this Act or the Geothermal Steam Act of 1970 after the date of enactment of the Education and Energy Act of 2018; and

"(ii) exceed the amount of revenues that the Congressional Budget Office previously estimated would be received under such leases in the fiscal year.

"(D) Subparagraphs (A) and (B) shall not apply with respect to amounts required by paragraph (1) to be paid into, reserved, or appropriated as part of the reclamation fund.

"(E) Any amounts received by a county under subparagraph (A) shall not be considered when calculating payments to that county under the Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C. 7101 et seq.) or chapter 69 of title 31, United States Code.".

PURPOSE OF THE BILL

The purpose of H.R. 5859 is to amend the Mineral Leasing Act to require that a portion of revenues from new federal mineral and geothermal leases be paid to States for use to supplement the education of students in kindergarten through grade 12 and public support of institutions of higher education.

BACKGROUND AND NEED FOR LEGISLATION

The public school system is one of the most important, and most unevenly funded, national services in the United States. The struggle for more resources has been highlighted by recent teacher strikes in West Virginia, Kentucky, Oklahoma, Arizona and Colorado.[1] Among other factors, the State where a school is located is a major indicator of the amount of resources each student may receive. According to a Department of Education report released in January 2018, expenditures per pupil range from $6,751 in Utah to $20,744 in New York.[2]

Although this disparity in available resources is attributable to multiple causes, one is the difference in the amount of taxable land per State.[3] In the 2014–15 school year, out of $664 billion[4] in revenues collected for elementary and secondary public school, only 8 percent came from federal sources, while 47 percent came from State sources and 45 percent from local sources.[5] For States like Nevada and Utah, with approximately 80 percent and 63 percent of non-taxable federal land respectively, this can have a critical impact on available revenue for use in State services, schools included.[6]

H.R. 5859, the Education and Energy Act of 2018, will help enable States support K–12 schools and higher education through responsible energy development. The bill reallocates a greater share

[1] Frederick Hess, The Facts Behind the Teacher Strikes. Forbes. April 30, 2018. https://www.forbes.com/sites/frederickhess/2018/04/30/the-facts-behind-the-teacher-strikes/#7e5475a27639.

[2] U.S. Department of Education, National Center for Education Statistics. Revenues and Expenditures forPublic Elementary and Secondary Education: School Year 2014–15 (Fiscal Year 2015) (2018). https://nces.ed.gov/pubs2018/2018301.pdf.

[3] U.S. Department of Education, Office of Elementary and Secondary Education. About Impact Aid (updated March 21, 2017). https://www2.ed.gov/about/offices/list/oese/impactaid/whatisia.html?exp=7#a.

[4] In constant 2016–17 dollars.

[5] U.S. Department of Education, National Center for Education Statistics. Public School Revenue Sources (updated April 2018). https://nces.ed.gov/programs/coe/indicator_cma.asp#f1.

[6] Carol Hardy Vincent et al, Federal Land Ownership: Overview and Data (2017). http://www.crs.gov/reports/pdf/R42346.

of federal mineral and geothermal revenues back to the State and county in which they were generated, specifically to support public education.

Background of Mineral Leasing Act revenue sharing

Revenue sharing between onshore energy-producing States and the federal government is governed by the Mineral Leasing Act (MLA, 30 U.S.C. 181 et seq.). Revenues are generated by the rentals, bonuses, and royalties on onshore mineral resource production on federal public lands.[7] The MLA specifically applies to oil, gas, and coal leasing, as well as certain minerals including phosphates, sodium, sulfur, and potash.[8]

States historically received 50 percent of the revenues generated by leasing and production of onshore energy resources on federal land within their borders, except Alaska, which received 90 percent. However, a 2014 amendment to the MLA authorized the Secretary of the Interior to charge a 2 percent fee on the collection of these revenues, reducing the States' share.[9]

Aside from the States' share, another 40 percent of onshore mineral revenues (except Alaska) is reserved for payment into the Reclamation Fund. Established by the Reclamation Act of 1902 (Public Law 57–161) and administered by the Bureau of Reclamation under the Department of the Interior, the Reclamation Fund was created to fund irrigation projects in arid regions of the West.[10] Remaining revenues not paid to the States or the Reclamation Fund are directed into the U.S. Treasury.[11]

The Education and Energy Act of 2018 would leave the established State and Reclamation Fund allocation percentages the same. It applies specifically to mineral resource revenues otherwise slated for the Treasury, and only in years when actual revenues generated exceed the Congressional Budget office (CBO) estimates.

Onshore state usage of mineral revenues

Almost half of the land in the West is owned by the federal government.[12] The vast amount of tax-exempt federal land in this region makes much of the western United States reliant on alternative sources of State income to offset losses in private tax revenue.[13] Some relief comes in the form of revenues from energy production. These revenues go toward the maintenance and improvement of local communities and critical public services. In energy-producing States, a portion of the revenues are utilized to mitigate the risks of energy development, as well as funding for roads and

[7] Marc Humphries, Energy and Mineral Development on Federal Land (2015). http://www.crs.gov/Reports/IF10127?source=search&guid=ab1ee1f40564437797071c178c8fa2ad&index=.

[8] Briefing by Marc Humphries, Specialist in Energy Policy, Congressional Research Service received by Energy and Mineral Resources Subcommittee Majority Staff on August 20, 2017.

[9] 30 U.S.C. 191.

[10] Charles V. Stern, The Reclamation Fund (2015). Congressional Research Service.

[11] 30 U.S.C. 191.

[12] Carol Hardy Vincent, Federal Land Ownership: Overview and Data (CRS Report R42346)(Washington, D.C.: Congressional Research Service, 2014), p.1.

[13] Marc Humphries, Mineral Royalties on Federal Lands: Issues for Congress (2015). http://www.crs.gov/reports/pdf/R43891.

infrastructure,[14] public safety, housing, transportation, public school systems and community colleges.[15]

Many States that depend on these revenues to support necessary services also maintain mineral trust funds dedicated for future uses. For instance, Colorado allocates a share of its mineral revenues to its Local Government Permanent Fund, School Trust Permanent Fund, and Higher Education Maintenance and Reserve Fund.[16]

The difference in funds available for some States' public services, specifically schools, is striking. Given that the average State receives approximately 90 percent of its school funding from State and local sources,[17] States with large amounts of nontaxable federal land are at a decided disadvantage when finding resources for in-State education.

H.R. 5859 would amend the MLA to require a portion of new federal mineral and geothermal revenues be paid back to States and counties to support public K–12 and higher education institutions. This would only apply to revenues slated for the Treasury, and not already obligated to the States' revenue sharing formulas or the Reclamation Fund. Further, of this amount (approximately 10 percent of the total revenues produced), this bill will only apply to revenues exceeding the CBO estimated revenue for the leases in the previous fiscal year. Specifically, as ordered reported, H.R. 5859 requires that 33 percent of revenues above the CBO estimate be sent back to the county where the energy was generated. An additional 17 percent would be split evenly among the 50 States. None of this new revenue would be considered when determining State payments under the Secure Rural Schools and Community Self-Determination Act of 2000 (Public Law 106–393) or chapter 69 of title 31, United States Code (the Payment in Lieu of Taxes program).

By returning a portion of revenues from energy production to specifically support public education, H.R. 5859 would bolster State education using State-created value. While energy-producing States understandably have a larger percentage returned than non-producing States, this bill would also assist public school funding in the country at large.

Revenues from energy production are made by hardworking Americans in a minority of States for the benefit of the entire nation. H.R. 5859 helps ensure members of energy-producing States have fair returns for State services, specifically to support K–12 and higher education opportunities for their students.

COMMITTEE ACTION

H.R. 5859 was introduced on May 17, 2018, by Congressman Scott R. Tipton (R–CO). The bill was referred primarily to the Committee on Natural Resources and within the Committee to the Subcommittee on Energy and Mineral Resources. The bill was additionally referred to the Committee on Education and the Workforce. The Subcommittee on Energy and Mineral Resources held a

[14] Marc Humphries, Mineral Royalties on Federal Lands: Issues for Congress (2015). http://www.crs.gov/reports/pdf/R43891.

[15] The United States Extractive Industries Transparency Initiative. Explore Data, Wyoming. https://useiti.doi.gov/explore/WY/#disbursements (Accessed August 29, 2017).

[16] U.S. Department of Interior. Office of Natural Resources Revenue. Natural Resources Revenue Data. Colorado. https://revenuedata.doi.gov/explore/CO/.

[17] Uhttps://nces.ed.gov/programs/coe/indicator_cma.asp#f1.

hearing on the bill on June 21, 2018. On June 27, 2018, the Natural Resources Committee met to consider the bill. The Subcommittee was discharged by unanimous consent. Congressman Tipton offered an amendment designated #1; it was adopted by voice vote. No additional amendments were offered, and the bill, as amended, was ordered favorably reported to the House of Representatives by a roll call vote of 16 ayes and 11 nays, as follows:

Committee on Natural Resources
U.S. House of Representatives
115th Congress

Date: 06.27.18 Recorded Vote #:10

Meeting on / Amendment on: FC Markup Favorably Report HR 5859 (Rep. Scott Tipton)

MEMBERS	Yes	No	Pres	MEMBERS	Yes	No	Pres
Mr. Bishop, UT, Chairman	X			**Mr. Cook, CA**	X		
Mr.Grijalva, AZ, Ranking Member		X		*Mr. McEachin, VA*		X	
Mr. Young, AK, Chairman Emeritus				**Mr. Westerman, AR**	X		
Mrs. Napolitano, CA		X		*Mr. Brown, MD*		X	
Mr. Gohmert, TX, Vice Chairman				**Mr. Graves, LA**			
Ms. Bordallo, Guam				*Mr. Clay, MO*			
Mr. Lamborn, CO	X			**Mr. Hice, GA**			
Mr. Costa, CA	X			*Mr. Gomez, CA*		X	
Mr. Wittman, VA	X			**Mrs. Radewagen, AS**	X		
Mr. Sablan, CNMI				*Ms. Velázquez, NY*		X	
Mr. McClintock, CA				**Mr. Webster, FL**			
Ms. Tsongas, MA		X		**Mr. Bergman, MI**	X		
Mr. Pearce, NM	X			**Ms. Cheney, WY**			
Mr. Huffman, CA		X		**Mr. Johnson, LA**			
Mr. Thompson, PA	X			**Ms. González-Colón, PR**	X		
Mr. Lowenthal, CA		X		**Mr. Gianforte, MT**			
Mr. Gosar, AZ	X			**Mr. Curtis, UT**	X		
Mr. Beyer, VA	X						
Mr. Labrador, ID							
Mr. Gallego, AZ							
Mr. Tipton, CO	X						
Ms. Hanabusa, HI							
Mr. LaMalfa, CA	X						
Ms. Barragán, CA		X					
Mr. Denham, CA							
Mr. Soto, FL		X		**TOTAL:**	16	11	

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Natural Resources' oversight findings and recommendations are reflected in the body of this report.

COMPLIANCE WITH HOUSE RULE XIII AND CONGRESSIONAL BUDGET ACT

1. Cost of Legislation and the Congressional Budget Act. With respect to the requirements of clause 3(c)(2) and (3) of rule XIII of the Rules of the House of Representatives and sections 308(a) and 402 of the Congressional Budget Act of 1974, the Committee has received the following estimate for the bill from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, October 31, 2018.

Hon. ROB BISHOP,
Chairman, Committee on Natural Resources,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 5859, the Education and Energy Act of 2018.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Kim Cawley.

Sincerely,

KEITH HALL,
Director.

Enclosure.

H.R. 5859—Education and Energy Act of 2018

Summary: H.R. 5859 would require the Department of the Interior (DOI) to make payments to states and counties from certain mineral receipts that otherwise would be deposited in the Treasury. Using information provided by DOI, CBO estimates that enacting the bill would increase direct spending by $200 million over the 2019–2028 period; therefore, pay-as-you-go procedures apply. Enacting the bill would not affect revenues.

CBO estimates that enacting H.R. 5859 would not increase net direct spending or on-budget deficits by more than $5 billion in any of the four consecutive 10-year periods beginning in 2029.

H.R. 5859 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would benefit states by increasing the royalties they receive from resource production on federal lands.

Estimated cost to the Federal Government: The estimated budgetary effect of H.R. 5859 is shown in the following table. The costs of the legislation fall within budget function 300 (natural resources and environment).

	By fiscal year, in millions of dollars—											
	2019	2020	2021	2022	2023	024	2025	2026	2027	2028	2019–2023	2019–2028
	INCREASES IN DIRECT SPENDING											
Estimated Budget Authority	15	20	20	20	20	20	20	20	20	25	95	200
Estimated Outlays	15	20	20	20	20	20	20	20	20	25	95	200

Basis of estimate: For this estimate, CBO assumes that the legislation will be enacted near the end of 2018.

The cost of enacting H.R. 5859 would stem from additional payments to states and counties that would be required under the bill if annual proceeds from certain mineral development activities on federal lands exceeded CBO's estimates of such proceeds in any year.

Background

Under current law, proceeds from activities carried out under the Mineral Leasing Act (MLA) and the Geothermal Steam Act (GSA) are used for various purposes. Under the MLA, states receive 49 percent of all proceeds (royalties, rents, and bonus bids, which are amounts that companies pay to the federal government to acquire leases).[1] Forty percent of all proceeds are deposited into the Reclamation Fund, which is used for projects of the Bureau of Reclamation to the extent those funds are appropriated. Under the GSA, half of all proceeds from royalties, rents, and bonus bids is paid to states and 25 percent is paid to counties. Under both acts, any remaining funds (generally 11 percent of gross proceeds under the MLA and 25 percent of gross proceeds under the GSA) are deposited in the general fund of the Treasury.

Direct spending

Under H.R. 5859, DOI would make additional payments to states and counties in any year in which gross proceeds from activities under the MLA and the GSA exceeded the amounts CBO projected would be received in that year. Those payments would be made only from proceeds that exceed CBO's projections and would be equal to 50 percent of the portion of those amounts that otherwise would have been deposited in the general fund. States and counties would be required to use those funds to support public schools and universities. CBO anticipates that DOI would use the most recent CBO baseline to determine whether actual receipts in a fiscal year were above or below projected receipts for that year.

CBO's baseline projections represent the expected value of proceeds within a range of possible outcomes. In developing its estimate of the budgetary effects of H.R. 5859, CBO identified the probability that proceeds would exceed expected projections because of higher mineral prices, increased mineral production, or both were higher than CBO projections. Then, to arrive at its estimate of total proceeds, CBO estimated average prices and production for the 2019–2028 period.

Over the period, CBO anticipates, the expected amount of excess proceeds (after accounting for the probability that receipts could be

[1] Alaska is an exception to this provision of the MLA. It receives 90 percent of royalties, rents, and bonus bids from federal leases outside of the National Petroleum Reserve in Alaska. The remaining proceeds are deposited in the Treasury.

equal to or below CBO's projections for those years) could range from $250 million to $500 million (or 8 percent to 12 percent more than CBO's baseline projections for the period). Of those amounts, between $30 million and $50 million would be deposited into the general fund each year under current law. Under H.R. 5859, half would be paid to states and counties instead. Thus, CBO estimates that enacting the bill would increase direct spending by $20 million a year, on average, over the 2019–2028 period.

Uncertainty

CBO aims to produce estimates that generally reflect the middle of a range of the most likely budgetary outcomes that would result if the legislation was enacted. In estimating the effects of H.R. 5859, CBO had to account for many sources of uncertainty inherent in projecting the prices and quantities of minerals produced on federal lands. In addition, because the bill's language provides significant room for interpretation, CBO made two key assumptions about DOI's implementation. If the agency chose some other approach, the estimated budgetary effects could differ significantly.

The text of H.R. 5859 would require additional payments to states and counties to be made only in years when proceeds under the MLA and GSA "exceed the amount of revenues that the Congressional Budget Office previously estimated would be received." For this estimate, CBO assumes that DOI would interpret revenues to mean offsetting receipts, which is how proceeds under the MLA and GSA are classified in the federal budget. That assumption is key because CBO does not project that any budgetary revenues would be collected as proceeds under those acts. If DOI implemented the bill using a strict interpretation of the language, it would determine that CBO's previous estimates of revenues from those activities were zero for each year, thus effectively eliminating the threshold that would determine when additional payments to states and counties could be made. If DOI were to implement H.R. 5859 using zero as the threshold for the level of mineral revenues in CBO's baseline estimate (which CBO expects is unlikely), the bill's cost would be about 10 times higher than CBO has presented in the estimate.

In preparing this estimate, CBO also assumed that DOI would use the most recent baseline produced in each fiscal year to determine whether actual proceeds received in that year exceeded the projected amounts. The text of the bill would require DOI to make additional payments only when actual proceeds under the MLA and GSA exceed amounts "previously estimated" by CBO. Because CBO's baseline projections cover a 10-year period and because CBO generally releases more than one baseline each year, the agency would probably have anywhere from 20 to 30 previous CBO estimates to choose from for each fiscal year. Because CBO's projections change over time, we cannot determine how using projections that are different from those assumed for the purpose of this estimate would affect the amount of payments to states and counties under the bill. DOI could use previous CBO baseline estimates that would either maximize or minimize payments to states and counties in each year. Thus, the estimated budgetary effects of enacting H.R. 5859 could be larger or smaller than those in this estimate.

Pay-As-You-Go considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR H.R. 5859, THE EDUCATION AND ENERGY ACT OF 2018, AS ORDERED REPORTED BY THE HOUSE COMMITTEE ON NATURAL RESOURCES ON June 27, 2018

	By fiscal year, in millions of dollars—											
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019–2023	2019–2028
NET INCREASE IN THE DEFICIT												
Statutory Pay-As-You-Go Effect	15	20	20	20	20	20	20	20	20	25	95	200

Increase in long-term direct spending and deficits: CBO estimates that enacting H.R. 5859 would not increase net direct spending or on-budget deficits by more than $5 billion in any of the four consecutive 10-year periods beginning in 2029.

Mandates: H.R. 5859 contains no intergovernmental or private-sector mandates as defined in UMRA and would benefit states by increasing the royalties they receive from resource production on federal lands.

Estimate prepared by: Federal costs: Kim P. Cawley; Mandates: Jon Sperl.

Estimate reviewed by: H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis; Theresa Gullo, Assistant Director for Budget Analysis.

2. General Performance Goals and Objectives. As required by clause 3(c)(4) of rule XIII, the general performance goal or objective of this bill is to amend the Mineral Leasing Act to require that a portion of revenues from new federal mineral and geothermal leases be paid to States for use to supplement the education of students in kindergarten through grade 12 and public support of institutions of higher education.

EARMARK STATEMENT

This bill does not contain any Congressional earmarks, limited tax benefits, or limited tariff benefits as defined under clause 9(e), 9(f), and 9(g) of rule XXI of the Rules of the House of Representatives.

COMPLIANCE WITH PUBLIC LAW 104–4

This bill contains no unfunded mandates.

COMPLIANCE WITH H. RES. 5

Directed Rule Making. This bill does not contain any directed rule makings.

Duplication of Existing Programs. This bill does not establish or reauthorize a program of the federal government known to be duplicative of another program. Such program was not included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139 or identified in the most recent Catalog of Federal Domestic Assistance published pursuant to the Federal Program Information Act (Public Law 95–220, as amended by Public Law 98–169) as relating to other programs.

PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

This bill is not intended to preempt any State, local or tribal law.

CHANGES IN EXISTING LAW

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italic and existing law in which no change is proposed is shown in roman):

MINERAL LEASING ACT

* * * * * * *

SEC. 35. (a)*(1)* All money received from sales, bonuses, royalties including interest charges collected under the Federal Oil and Gas Royalty Management Act of 1982, and rentals of the public lands under the provisions of this Act and the Geothermal Steam Act of 1970, shall be paid into the Treasury of the United States; 50 per centum thereof shall be paid by the Secretary of the Treasury to the State other than Alaska within the boundaries of which the leased lands or deposits are or were located; said moneys paid to any of such States on or after January 1, 1976, to be used by such State and its subdivisions, as the legislature of the State may direct giving priority to those subdivisions of the State socially or economically impacted by development of minerals leased under this Act, for (i) planning, (ii) construction and maintenance of public facilities, and (iii) provision of public service; and excepting those from Alaska, 40 per centum thereof shall be paid into, reserved, appropriated, as part of the reclamation fund created by the Act of Congress known as the Reclamation Act, approved June 17, 1902, and of those from Alaska as soon as practicable after March 31 and September 30 of each year, 90 per centum thereof shall be paid to the State of Alaska for disposition by the legislature thereof: *Provided,* That all moneys which may accrue to the United States under the provisions of this Act and the Geothermal Steam Act of 1970 from lands within the naval petroleum reserves shall be deposited in the Treasury as "miscellaneous receipts", as provided by the Act of June 4, 1920 (41 Stat. 813), as amended June 30, 1938 (52 Stat. 1252). All moneys received under the provisions of this Act and the Geothermal Steam Act of 1970 not otherwise disposed of by this section shall be credited to miscellaneous receipts. Payments to States under this section with respect to any moneys received by the United States, shall be made not later than the last business day of the month in which such moneys are warranted by the United States Treasury to the Secretary as having been received, except for any portion of such moneys which is under challenge and placed in a suspense account pending resolution of a dispute. Such warrants shall be issued by the United States Treasury not later than 10 days after receipt of such moneys by the Treasury. Moneys placed in a suspense account which are determined to be payable to a State shall be made not later than the last business day of the month in which such dispute is resolved. Any such amount placed in a suspense account pending resolution shall bear interest until the dispute is resolved.

(2)(A) Of amounts otherwise required under paragraph (1) to be deposited into the general fund of the Treasury each fiscal year that are derived from leases for tracts located in a State, the Secretary shall pay to the county from which the mineral or geothermal royalties were generated 33 percent for use to supplement the education of students in kindergarten through grade 12 and to supplement public support of institutions of higher education.

(B) Of the amounts otherwise required under paragraph (1) to be deposited into the general fund of the Treasury each fiscal year that are not required to be used for payments under subparagraph (A) of this paragraph, the Secretary shall pay to States, in equal amounts, 17 percent for use to supplement the education of students in kindergarten through grade 12 and to supplement public support of institutions of higher education.

(C) Subparagraphs (A) and (B) shall apply only with respect to amounts that—

(i) are received by the United States under leases entered into under this Act or the Geothermal Steam Act of 1970 after the date of enactment of the Education and Energy Act of 2018; and

(ii) exceed the amount of revenues that the Congressional Budget Office previously estimated would be received under such leases in the fiscal year.

(D) Subparagraphs (A) and (B) shall not apply with respect to amounts required by paragraph (1) to be paid into, reserved, or appropriated as part of the reclamation fund.

(E) Any amounts received by a county under subparagraph (A) shall not be considered when calculating payments to that county under the Secure Rural Schools and Community Self-Determination Act of 2000 (16 U.S.C. 7101 et seq.) or chapter 69 of title 31, United States Code.

(b) DEDUCTION FOR ADMINISTRATIVE COSTS.—In determining the amount of payments to the States under this section, beginning in fiscal year 2014 and for each year thereafter, the amount of such payments shall be reduced by 2 percent for any administrative or other costs incurred by the United States in carrying out the program authorized by this Act, and the amount of such reduction shall be deposited to miscellaneous receipts of the Treasury.

(c)(1) Notwithstanding the first sentence of subsection (a), any rentals received from leases in any State (other than the State of Alaska) on or after the date of enactment of this subsection shall be deposited in the Treasury, to be allocated in accordance with paragraph (2).

(2) Of the amounts deposited in the Treasury under paragraph (1)—

(A) 50 percent shall be paid by the Secretary of the Treasury to the State within the boundaries of which the leased land is located or the deposits were derived; and

(B) 50 percent shall be deposited in a special fund in the Treasury, to be known as the "BLM Permit Processing Improvement Fund" (referred to in this subsection as the "Fund").

(3) USE OF FUND.—

(A) IN GENERAL.—The Fund shall be available to the Secretary of the Interior for expenditure, without further appropriation and without fiscal year limitation, for the coordination and processing of oil and gas use authorizations on onshore Federal and Indian trust mineral estate land.

(B) ACCOUNTS.—The Secretary shall divide the Fund into—

(i) a Rental Account (referred to in this subsection as the "Rental Account") comprised of rental receipts collected under this section; and

(ii) a Fee Account (referred to in this subsection as the "Fee Account") comprised of fees collected under subsection (d).

(4) RENTAL ACCOUNT.—

(A) IN GENERAL.—The Secretary shall use the Rental Account for—

(i) the coordination and processing of oil and gas use authorizations on onshore Federal and Indian trust mineral estate land under the jurisdiction of the Project offices identified under section 365(d) of the Energy Policy Act of 2005 (42 U.S.C. 15924(d)); and

(ii) training programs for development of expertise related to coordinating and processing oil and gas use authorizations.

(B) ALLOCATION.—In determining the allocation of the Rental Account among Project offices for a fiscal year, the Secretary shall consider—

(i) the number of applications for permit to drill received in a Project office during the previous fiscal year;

(ii) the backlog of applications described in clause (i) in a Project office;

(iii) publicly available industry forecasts for development of oil and gas resources under the jurisdiction of a Project office; and

(iv) any opportunities for partnership with local industry organizations and educational institutions in developing training programs to facilitate the coordination and processing of oil and gas use authorizations.

(5) FEE ACCOUNT.—

(A) IN GENERAL.—The Secretary shall use the Fee Account for the coordination and processing of oil and gas use authorizations on onshore Federal and Indian trust mineral estate land.

(B) ALLOCATION.—The Secretary shall transfer not less than 75 percent of the revenues collected by an office for the processing of applications for permits to the State office of the State in which the fees were collected.

(d), BLM OIL AND GAS PERMIT PROCESSING FEE.—

(1) IN GENERAL.—Notwithstanding any other provision of law, for each of fiscal years 2016 through 2026, the Secretary, acting through the Director of the Bureau of Land Management, shall collect a fee for each new application for a permit to drill that is submitted to the Secretary.

(2) AMOUNT.—The amount of the fee shall be $9,500 for each new application, as indexed for United States dollar inflation from October 1, 2015 (as measured by the Consumer Price Index).

(3) USE.—Of the fees collected under this subsection for a fiscal year, the Secretary shall transfer—

(A) for each of fiscal years 2016 through 2019—

(i) 15 percent to the field offices that collected the fees and used to process protests, leases, and permits under this Act, subject to appropriation; and

(ii) 85 percent to the BLM Permit Processing Improvement Fund established under subsection (c)(2)(B) (referred to in this subsection as the "Fund"); and

(B) for each of fiscal years 2020 through 2026, all of the fees to the Fund.

(4) ADDITIONAL COSTS.—During each of fiscal years of 2016 through 2026, the Secretary shall not implement a rulemaking that would enable an increase in fees to recover additional costs related to processing applications for permits to drill.

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DISSENTING VIEWS

H.R. 5859 would take a small fraction of the mineral revenues that are in excess from the Congressional Budget Office (CBO) projections for a given year, and are generated from leases issued after the date of enactment of the bill, and divert those to states and counties for K–12 and higher education. While we support additional funding for education, and welcome Republican efforts to do so in the face of sharp cuts to the Department of Education proposed by the Trump administration, we oppose this legislation because we do not believe that incentivizing additional drilling on public lands is the appropriate way to do it.

The use of revenues above the CBO baseline to fund certain priorities, as this bill does, is very different from dedicating a portion of mineral revenues to fund those priorities, such as with the Land and Water Conservation Fund (LWCF), a program we very much support. The LWCF is credited with the first $900 million in offshore revenues received by the federal government. Once $900 million has been collected, which has been the case every year for decades, there is no benefit to the LWCF from additional drilling. When only revenues over the baseline are diverted, however, the amount of funding depends on oil and gas prices and the amount of oil and gas activity. Since oil and gas prices can't be directly controlled, additional education funding would require additional leasing and drilling.

One particular problem in linking education funding with increased oil and gas activity is that children are particularly susceptible to pollution generated from drilling and production, especially high concentrations of ground-level ozone. With the administration moving away from regulating oil and gas industry methane emissions, air quality will get worse around production sites; since 1990, methane emissions from natural gas production sites are up 58 percent, while production of natural gas has only increased 52 percent in that same time.

Democrats want to protect children at school and at home by enacting mandatory setbacks for drilling on public land, and enforcing strong methane regulations to reduce waste and improve air quality. Encouraging more drilling only puts our children at greater risk, and that is not worth the extremely small amount of education funding this bill would provide.

RAÚL M. GRIJALVA,
Ranking Member, Committee on Natural Resources.
JARED HUFFMAN.
NYDIA M. VELÁZQUEZ.

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