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109TH CONGRESS
2D SESSION

H. R. 5890

To establish the American-Made Energy Trust Fund, to increase the tax credits for cellulosic biomass ethanol, to extend tax incentives for solar and fuel cell property, to promote coal-to-liquid fuel activities, to direct the Secretary of the Interior to establish and implement a competitive oil and gas leasing program for the Coastal Plain of Alaska, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 26, 2006

Mr. NUNES (for himself, Mr. CARDOZA, Mr. SHIMKUS, Mr. COSTA, Mr. POMBO, Mr. REHBERG, Mr. LEWIS of Kentucky, Mr. KINGSTON, Mr. ENGLISH of Pennsylvania, Mr. PICKERING, Mr. HALL, Mr. BARTON of Texas, Mr. WHITFIELD, Mr. CUELLAR, Mr. DAVIS of Tennessee, Mr. ROSS, Mr. CRAMER, Mr. BOREN, Mrs. CAPITO, Mr. MELANCON, Mr. BOOZMAN, Mr. PETERSON of Minnesota, and Mr. MURPHY) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Resources, Energy and Commerce, and Science, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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A BILL

To establish the American-Made Energy Trust Fund, to increase the tax credits for cellulosic biomass ethanol, to extend tax incentives for solar and fuel cell property, to promote coal-to-liquid fuel activities, to direct the Secretary of the Interior to establish and implement a competitive oil and gas leasing program for the Coastal Plain of Alaska, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''American-Made Energy Freedom Act of 2006''.

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

Sec. 1. Short title; table of contents.

TITLE I—TAX INCENTIVES FOR CELLULOSIC BIOMASS ETHANOL, SOLAR AND FUEL CELL PROPERTY, AND CERTAIN LIQUID FUEL DERIVED FROM COAL

Sec. 101. Increased tax credits for cellulosic biomass ethanol.
Sec. 102. Extension of energy credit for solar and fuel cell property.
Sec. 103. Extension and modification of credit for residential energy efficient property.
Sec. 104. Extension and modification of excise tax credits for certain liquid fuel derived from coal.

TITLE II—AMERICAN-MADE ENERGY TRUST FUND

Sec. 201. Establishment of American-Made Energy Trust Fund.

TITLE III—DEVELOPMENT OF OIL AND GAS RESOURCES OF THE COASTAL PLAIN OF ALASKA

Sec. 301. Definitions.
Sec. 302. Leasing program for lands within the Coastal Plain.
Sec. 303. Lease sales.
Sec. 304. Grant of leases by the Secretary.
Sec. 305. Lease terms and conditions.
Sec. 306. Coastal plain environmental protection.
Sec. 307. Expedited judicial review.
Sec. 308. Federal and State distribution of revenues.
Sec. 309. Rights-of-way across the Coastal Plain.
Sec. 310. Conveyance.
Sec. 311. Local government impact aid and community service assistance.

TITLE I—TAX INCENTIVES FOR CELLULOSIC BIOMASS ETHANOL, SOLAR AND FUEL CELL PROPERTY, AND CERTAIN LIQUID FUEL DERIVED FROM COAL

SEC. 101. INCREASED TAX CREDITS FOR CELLULOSIC BIOMASS ETHANOL.

(a) INCOME TAX CREDIT.—

(1) IN GENERAL.—Section 40 of the Internal Revenue Code of 1986 (relating to alcohol used as fuel) is amended by adding at the end the following new subsection:

"(i) INCREASED CREDIT FOR CELLULOSIC BIOMASS ETHANOL.—

"(1) IN GENERAL.—In the case of cellulosic biomass ethanol—

"(A) subsection (h) shall not apply,

"(B) if such ethanol has a proof of at least 150 but less than 190—

"(i) subsection (b)(3) shall not apply, and

"(ii) subsections (b)(1)(A), (b)(2)(A), (d)(3)(A), and (d)(3)(B) shall each be ap-

plied by substituting 'the low-proof cellulosic ethanol amount' for '60 cents', and

"(C) if such alcohol has a proof of at least 190, subsections (b)(1)(A), (b)(2)(A), (d)(3)(A), and (d)(3)(B) shall each be applied by substituting 'the cellulosic ethanol amount' for '60 cents'.

"(2) LIMITATIONS.—

"(A) OVERALL DOLLAR LIMITATION.—Paragraph (1) shall not apply to any cellulosic biomass ethanol which is sold or used after the date on which the Secretary certifies that, in the estimation of the Secretary, more than $1,250,000,000 has been allowed, in the aggregate, as a credit under this section with respect to cellulosic biomass ethanol taken into account under this subsection and subsection (c).

"(B) PER TAXPAYER MAXIMUM.—

"(i) IN GENERAL.—With respect to any taxpayer, paragraph (1) shall only apply to the first 25,000,000 gallons of cellulosic biomass ethanol sold or used by the taxpayer during any calendar year.

"(ii) TERMINATION OF TAXPAYER MAXIMUM.—Clause (i) shall not apply with

respect to any calendar year after the first calendar year with respect to which the Secretary certifies that, in the estimation of the Secretary, at least 10 taxpayers sell or use cellulosic biomass ethanol to which paragraph (1) applies.

"(C) PER TAXPAYER MINIMUM.—With respect to any taxpayer, paragraph (1) shall not apply to any cellulosic biomass ethanol sold or used by the taxpayer during any calendar year unless the aggregate amount of cellulosic biomass ethanol sold or used by such taxpayer during such calendar year exceeds 5,000,000 gallons.

"(3) CELLULOSIC ETHANOL AMOUNT; LOW-PROOF CELLULOSIC ETHANOL AMOUNT.—

"(A) IN GENERAL.—The terms 'cellulosic ethanol amount' and 'low-proof cellulosic ethanol amount' mean $1.25 and $1.10, respectively.

"(B) PHASE-OUT BASED ON PRICE OF OIL.—

"(i) IN GENERAL.—The $1.25 and $1.10 amounts contained in subparagraph (A) shall each be reduced (but not below

$0.51 and $0.3778, respectively) by an amount which bears the same ratio to the amount so contained in subparagraph (A) (as so increased) as—

"(I) the amount (if any) by which the price of a barrel of crude oil exceeds $40, bears to

"(II) $71.

"(ii) DETERMINATION BY SECRETARY.—The price of a barrel of crude oil shall be determined periodically by the Secretary under such methodology as the Secretary determines appropriate. The price determined under this clause and the reduction required by clause (i) shall apply with respect to cellulosic biomass ethanol sold or used during the period with respect to which such determination relates.

"(C) INFLATION ADJUSTMENT OF PHASE-OUT BASED ON PRICE OF OIL.—In the case of any period beginning in a calendar year after 2007, the dollar amounts contained in subclauses (I) and (II) of subparagraph (B)(i) shall be increased by an amount equal to—

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2006' for 'calendar year 1992' in subparagraph (B) thereof.

Any increase determined under the preceding sentence shall be rounded to the nearest multiple of $1.

"(4) CELLULOSIC BIOMASS ETHANOL.—The term 'cellulosic biomass ethanol' means ethanol produced by enzymatic hydrolysis of any lignocellulosic or hemicellulosic feedstock that is available on a renewable or recurring basis, including agricultural residues, agricultural fibers, dedicated energy crops, grasses, plants, and wood and wood residues.

"(5) APPLICATION OF AGGREGATION, ETC., RULES.—Rules similar to the rules of paragraphs (2), (3), and (4) of subsection (g) shall apply for purposes of the limitations under subparagraphs (B) and (C) of paragraph (2).".

(2) TERMINATION.—Subsection (e) of section 40 of such Code (relating to termination) is amended—

(A) by redesignating paragraph (2) as paragraph (3),

(B) by inserting after paragraph (1) the following new paragraph:

"(2) CELLULOSIC BIOMASS ETHANOL.—In the case of cellulosic biomass ethanol with respect to which subsection (i)(1) applies—

"(A) paragraph (1) shall not apply, and

"(B) this section shall not apply to any sale or use of such ethanol for any period after the earlier of the date on which the Secretary makes the certification described in subsection (i)(2)(A) or December 31, 2023.", and

(C) by inserting "or (2)" after "paragraph (1)" in paragraph (3) (as redesignated by this paragraph).

(b) EXCISE TAX CREDIT.—

(1) IN GENERAL.—Paragraph (2) of section 6426(b) of the Internal Revenue Code of 1986 (relating to applicable amount) is amended—

(A) by adding at the end the following new subparagraph:

"(C) CELLULOSIC BIOMASS ETHANOL.—In the case of cellulosic biomass ethanol to which section 40(i)(1) applies or to which such section

would apply but for subsections (c) and (e) of section 40, the applicable amount is the cellulosic ethanol amount (as defined in section 40(i)(3)).'', and

(B) by striking ''subparagraph (B)'' in subparagraph (A) and inserting ''subparagraphs (B) or (C)''.

(2) TERMINATION.—Paragraph (5) of section 6426(b) of such Code (relating to termination) is amended to read as follows:

''(5) TERMINATION.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), this subsection shall not apply to any sale, use, or removal for any period after December 31, 2010.

''(B) CELLULOSIC BIOMASS ETHANOL.—In the case of any cellulosic biomass ethanol with respect to which paragraph (2)(C) applies—

''(i) subparagraph (A) shall not apply, and

''(ii) this subsection shall not apply to any sale or use of such ethanol for any period after the earlier of the date on which the Secretary makes the certification de-

scribed in section 40(i)(2)(A) or December 31, 2023.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel sold or used after the date of the enactment of this Act.

SEC. 102. EXTENSION OF ENERGY CREDIT FOR SOLAR AND FUEL CELL PROPERTY.

(a) 30 PERCENT CREDIT FOR SOLAR.—Subclause (II) of section 48(a)(2)(A)(i) of the Internal Revenue Code of 1986 is amended by striking ''2008'' and inserting ''2013''.

(b) QUALIFIED FUEL CELL PROPERTY.—

(1) IN GENERAL.—Subparagraph (E) of section 48(c)(1) of such Code is amended by striking ''2007'' and inserting ''2012''.

(2) TERMINATION OF SPECIAL RULE.—Subparagraph (D) of section 48(c)(1) of such Code is amended by inserting ''placed in service before January 1, 2008, and'' after ''qualified fuel cell property which is''.

(c) FIBER-OPTIC DISTRIBUTED SUNLIGHT.—Clause (ii) of section 48(a)(3)(A) of such Code is amended by striking ''2008'' and inserting ''2013''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 103. EXTENSION AND MODIFICATION OF CREDIT FOR RESIDENTIAL ENERGY EFFICIENT PROPERTY.

(a) IN GENERAL.—Subsection (g) of section 25D of the Internal Revenue Code of 1986 is amended by striking ''2007'' and inserting ''2012''.

(b) MODIFICATION OF MAXIMUM CREDIT FOR QUALIFIED SOLAR ELECTRICITY PROPERTY.—Subparagraph (A) of section 25D(b)(1) of such Code is amended to read as follows:

''(A) $2,000 with respect to each half kilowatt of capacity of property for which qualified solar electricity property expenditures are made,''.

(c) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 25D(a) of such Code is amended by striking ''photovoltaic'' and inserting ''solar electricity''.

(2) Paragraph (2) of section 25D(d) of such Code is amended in the text and in the heading by striking ''photovoltaic'' and inserting ''solar electricity''.

(3) Paragraph (4)(A)(i) of section 25D(e) of such Code is amended by striking ''photovoltaic'' and inserting ''solar electricity''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

(2) INCREASE IN CREDIT FOR SOLAR ELECTRICITY PROPERTY.—The amendments made by subsections (b) and (c) shall apply to taxable years beginning after December 31, 2005.

(3) HOLD HARMLESS TRANSITION RULE.—In the case of any taxable year beginning after December 31, 2005, and before the date of the enactment of this Act, the taxpayer may elect (at such time and in such form and manner as the Secretary of the Treasury may determine) to apply the limitation under section 25D(b)(1)(A) of the Internal Revenue Code of 1986 which was in effect immediately before the date of the enactment of this Act for purposes of determining the credit under section 25D of such Code for such taxable year in lieu of such limitation as otherwise in effect for such year.

SEC. 104. EXTENSION AND MODIFICATION OF EXCISE TAX CREDITS FOR CERTAIN LIQUID FUEL DERIVED FROM COAL.

(a) MODIFICATION OF EXCISE TAX CREDITS.—Section 6426 of the Internal Revenue Code of 1986 is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

"(g) SPECIAL RULES FOR LIQUID FUEL DERIVED FROM COAL.—

"(1) LIMITATIONS.—

"(A) OVERALL DOLLAR LIMITATION.—No liquid coal fuel shall be taken into account in determining the alternative fuel credit under subsection (d) or the alternative fuel mixture credit under subsection (e) if such fuel is sold or used after the date on which the Secretary certifies that, in the estimation of the Secretary, more than $1,500,000,000 has been allowed, in the aggregate, as a credit under this section with respect to liquid coal fuel taken into account under subsections (d) and (e).

"(B) PER TAXPAYER MAXIMUM.—

"(i) IN GENERAL.—With respect to any taxpayer, only the first 150,000,000 gallons of liquid coal fuel which is sold or

used by the taxpayer during any calendar year may be taken into account under subsection (d) or (e).

"(ii) TERMINATION OF TAXPAYER MAXIMUM.—Clause (i) shall not apply with respect to any calendar year after the first calendar year with respect to which the Secretary certifies that, in the estimation of the Secretary, at least 5 taxpayers sell or use liquid coal fuel which is taken into account under subsection (d) or (e).

"(C) PER TAXPAYER MINIMUM.—With respect to any taxpayer, liquid coal fuel sold or used by the taxpayer during any calendar year shall not be taken into account in determining the alternative fuel credit under subsection (d) or the alternative fuel mixture credit under subsection (e) unless the aggregate amount of liquid coal fuel sold or used by such taxpayer during such calendar year exceeds 15,000,000 gallons.

"(2) ADJUSTMENT OF CREDIT AMOUNT.—Solely for purposes of determining that portion of the alternative fuel credit under subsection (d) and the al-

ternative fuel mixture credit under subsection (e) which is allowed with respect to liquid coal fuel—

"(A) PHASE-OUT BASED ON PRICE OF OIL.—

"(i) IN GENERAL.—The 50 cent amounts contained in subsections (d)(1) and (e)(1) shall each be reduced (but not below zero) by an amount which bears the same ratio to the amount so contained in subsection (d)(1) or (e)(1) (as so increased) as—

"(I) the amount (if any) by which the price of a barrel of crude oil exceeds $45, bears to

"(II) $70.

"(ii) DETERMINATION BY SECRETARY.—The price of a barrel of crude oil shall be determined periodically by the Secretary under such methodology as the Secretary determines appropriate. The price determined under this clause and the reduction required by clause (i) shall apply with respect to liquid coal fuel sold or used during the period to which such determination relates.

"(B) INFLATION ADJUSTMENT OF PHASE-OUT BASED ON PRICE OF OIL.—In the case of any period beginning in a calendar year after 2007, the dollar amounts contained in subclauses (I) and (II) of subparagraph (A)(i) shall be increased by an amount equal to—

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2006' for 'calendar year 1992' in subparagraph (B) thereof.

Any increase determined under the preceding sentence shall be rounded to the nearest multiple of $1.

"(3) LIQUID COAL FUEL.—For purposes of this section and section 6427, the term 'liquid coal fuel' means liquid fuel derived from coal which is described in subsection (d)(2)(E).

"(4) APPLICATION OF AGGREGATION, ETC., RULES.—Rules similar to the rules of paragraphs (2), (3), and (4) of section 40(g) shall apply for purposes of the limitations under paragraph (2).

"(5) CREDIT MAY BE TRANSFERRED.—Nothing in any law or rule of law shall be construed to limit the transferability of the alternative fuel credit under subsection (e) or the alternative fuel mixture credit under subsection (e) if—

"(A) liquid coal fuel is taken into account in determining such credit, and

"(B) such fuel or an alternative fuel mixture produced with such coal is purchased from the transferor of such credit by the transferee of such credit.".

(b) EXTENSION OF CREDIT.—

(1) ALTERNATIVE FUEL CREDIT.—Paragraph (4) of section 6426(d) of such Code (relating to termination) is amended by inserting "(the earlier of December 31, 2023, or the date of the certification under subsection (g)(1)(A), in the case of any sale or use involving liquid coal fuel)" before the period at the end.

(2) ALTERNATIVE FUEL MIXTURE CREDIT.—Paragraph (3) of section 6426(e) of such Code (relating to termination) is amended by inserting "(the earlier of December 31, 2023, or the date of the certification under subsection (g)(1)(A), in the case of

any sale or use involving liquid coal fuel)'' before the period at the end.

(3) REFUNDABILITY OF CREDIT.—Paragraph (5) of section 6427(e) of such Code (relating to termination) is amended—

(A) by striking ''and'' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting '', and'', and by adding at the end the following new subparagraph:

''(E) any alternative fuel or alternative fuel mixture (as so defined) involving liquid coal fuel sold or used after the earlier of December 31, 2023, or the date of the certification under section 6426(g)(1)(A).'', and

(B) by inserting ''or (E)'' after ''subparagraph (D)'' in subparagraph (C).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any sale or use for any period after September 30, 2006.

TITLE II—AMERICAN-MADE ENERGY TRUST FUND

SEC. 201. ESTABLISHMENT OF AMERICAN-MADE ENERGY TRUST FUND.

(a) CREATION OF TRUST FUND.—Subchapter A of chapter 98 of the Internal Revenue Code of 1986 is amended by inserting at the end the following new section:

"SEC. 9511. AMERICAN-MADE ENERGY TRUST FUND.

"(a) ESTABLISHMENT OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'American-Made Energy Trust Fund', consisting of such amounts as may be appropriated or credited to the American-Made Energy Trust Fund as provided in this section or section 9602(b).

"(b) TRANSFERS TO TRUST FUND.—There are hereby appropriated to the American-Made Energy Trust Fund amounts required to be transferred under section 308(a)(2) of the American-Made Energy Freedom Act of 2006.

"(c) EXPENDITURES FROM AMERICAN-MADE ENERGY TRUST FUND.—

"(1) IN GENERAL.—As provided by appropriation Acts, amounts in the American-Made Energy Trust Fund shall be available—

"(A) for transfer to the general fund of the Treasury to offset any reduction in revenue to the United States that the Secretary estimates results from the amendments made by title I of the American-Made Energy Freedom Act of 2006, and

"(B) to carry out sections 210, 932, 1510, 1511, 1512, 1514, and title XVII of the Energy Policy Act of 2005.

"(2) LIMITATION ON AVAILABILITY TO CARRY OUT THE ENERGY POLICY ACT OF 2005.—

"(A) IN GENERAL.—Notwithstanding paragraph (1), amounts in the American-Made Energy Trust Fund shall be available to carry out the provisions referred to in paragraph (1)(B) only with respect to so much of such amount as the Secretary certifies, in the estimation of the Secretary, is in excess (taking into account the Secretary's estimate of future appropriations and credits to the American-Made Energy Trust Fund) of the amounts necessary to make all future transfers described in subparagraph (A) of paragraph (1).

"(B) APPORTIONMENT OF EXCESS AMOUNT.—Notwithstanding paragraph (1), the

excess amount certified by the Secretary under subparagraph (A) shall be apportioned to the provisions referred to in paragraph (1)(B) in accordance with the following table:

To carry out the following provision of the Energy Policy Act of 2005:	The following percentage of the excess amount shall be available:
Section 210	15 percent
Section 932	5 percent
Section 1510	2 percent
Section 1511	24 percent
Section 1512	24 percent
Section 1514	10 percent
Title XVII	20 percent.

"(C) MAXIMUM DOLLAR LIMITATION.—Notwithstanding paragraph (1), the maximum aggregate amount which may be paid from the American-Made Energy Trust Fund to carry out the provisions referred to in paragraph (1)(B) shall not exceed $3,000,000,000.

"(D) REPORT TO CONGRESS.—Any certification made under subparagraph (A) shall be made in a written report to the Congress and shall include the relevant estimates of the Secretary of future transfers, appropriations, and credits.".

(b) CLERICAL AMENDMENT.—The table of sections for subchapter A of chapter 98 of such Code is amended by inserting at the end the following new item:

"Sec. 9511. American-Made Energy Trust Fund.".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply after the date of the enactment of this Act.

TITLE III—DEVELOPMENT OF OIL AND GAS RESOURCES OF THE COASTAL PLAIN OF ALASKA

SEC. 301. DEFINITIONS.

In this title:

(1) COASTAL PLAIN.—The term ''Coastal Plain'' means that area described in appendix I to part 37 of title 50, Code of Federal Regulations.

(2) SECRETARY.—The term ''Secretary'', except as otherwise provided, means the Secretary of the Interior or the Secretary's designee.

SEC. 302. LEASING PROGRAM FOR LANDS WITHIN THE COASTAL PLAIN.

(a) IN GENERAL.—The Secretary shall take such actions as are necessary—

(1) to establish and implement, in accordance with this title and acting through the Director of the Bureau of Land Management in consultation with the Director of the United States Fish and Wildlife Service, a competitive oil and gas leasing program that will result in an environmentally sound program

for the exploration, development, and production of the oil and gas resources of the Coastal Plain; and

(2) to administer the provisions of this title through regulations, lease terms, conditions, restrictions, prohibitions, stipulations, and other provisions that ensure the oil and gas exploration, development, and production activities on the Coastal Plain will result in no significant adverse effect on fish and wildlife, their habitat, subsistence resources, and the environment, including, in furtherance of this goal, by requiring the application of the best commercially available technology for oil and gas exploration, development, and production to all exploration, development, and production operations under this title in a manner that ensures the receipt of fair market value by the public for the mineral resources to be leased.

(b) REPEAL.—

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

(2) CONFORMING AMENDMENT.—The table of contents in section 1 of such Act is amended by striking the item relating to section 1003.

(c) COMPLIANCE WITH REQUIREMENTS UNDER CERTAIN OTHER LAWS.—

(1) COMPATIBILITY.—For purposes of the National Wildlife Refuge System Administration Act of 1966 (16 U.S.C. 668dd et seq.), the oil and gas leasing program and activities authorized by this section in the Coastal Plain are deemed to be compatible with the purposes for which the Arctic National Wildlife Refuge was established, and no further findings or decisions are required to implement this determination.

(2) ADEQUACY OF THE DEPARTMENT OF THE INTERIOR'S LEGISLATIVE ENVIRONMENTAL IMPACT STATEMENT.—The ''Final Legislative Environmental Impact Statement'' (April 1987) on the Coastal Plain prepared pursuant to section 1002 of the Alaska National Interest Lands Conservation Act of 1980 (16 U.S.C. 3142) and section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)) is deemed to satisfy the requirements under the National Environmental Policy Act of 1969 that apply with respect to prelease activities, including actions authorized to be taken by the Secretary to develop and promulgate the regulations for the establishment of a leasing program au-

thorized by this title before the conduct of the first lease sale.

(3) COMPLIANCE WITH NEPA FOR OTHER ACTIONS.—Before conducting the first lease sale under this title, the Secretary shall prepare an environmental impact statement under the National Environmental Policy Act of 1969 with respect to the actions authorized by this title that are not referred to in paragraph (2). Notwithstanding any other law, the Secretary is not required to identify nonleasing alternative courses of action or to analyze the environmental effects of such courses of action. The Secretary shall only identify a preferred action for such leasing and a single leasing alternative, and analyze the environmental effects and potential mitigation measures for those two alternatives. The identification of the preferred action and related analysis for the first lease sale under this title shall be completed within 18 months after the date of enactment of this title. The Secretary shall only consider public comments that specifically address the Secretary's preferred action and that are filed within 20 days after publication of an environmental analysis. Notwithstanding any other law, compliance with this paragraph is deemed to satisfy all requirements for the

analysis and consideration of the environmental effects of proposed leasing under this title.

(d) RELATIONSHIP TO STATE AND LOCAL AUTHORITY.—Nothing in this title shall be considered to expand or limit State and local regulatory authority.

(e) SPECIAL AREAS.—

(1) IN GENERAL.—The Secretary, after consultation with the State of Alaska, the city of Kaktovik, and the North Slope Borough, may designate up to a total of 45,000 acres of the Coastal Plain as a Special Area if the Secretary determines that the Special Area is of such unique character and interest so as to require special management and regulatory protection. The Secretary shall designate as such a Special Area the Sadlerochit Spring area, comprising approximately 4,000 acres.

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

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

related activities, there shall be no surface occupancy of the lands comprising the Special Area.

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

(f) LIMITATION ON CLOSED AREAS.—The Secretary's sole authority to close lands within the Coastal Plain to oil and gas leasing and to exploration, development, and production is that set forth in this title.

(g) REGULATIONS.—

(1) IN GENERAL.—The Secretary shall prescribe such regulations as may be necessary to carry out this title, including rules and regulations relating to protection of the fish and wildlife, their habitat, subsistence resources, and environment of the Coastal Plain, by no later than 15 months after the date of enactment of this title.

(2) REVISION OF REGULATIONS.—The Secretary shall periodically review and, if appropriate, revise the rules and regulations issued under subsection (a) to reflect any significant biological, envi-

ronmental, or engineering data that come to the Secretary's attention.

SEC. 303. LEASE SALES.

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

(b) PROCEDURES.—The Secretary shall, by regulation, establish procedures for—

(1) receipt and consideration of sealed nominations for any area in the Coastal Plain for inclusion in, or exclusion (as provided in subsection (c)) from, a lease sale;

(2) the holding of lease sales after such nomination process; and

(3) public notice of and comment on designation of areas to be included in, or excluded from, a lease sale.

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

(d) ACREAGE MINIMUM IN FIRST SALE.—In the first lease sale under this title, the Secretary shall offer for lease those tracts the Secretary considers to have the greatest potential for the discovery of hydrocarbons, tak-

ing into consideration nominations received pursuant to subsection (b)(1), but in no case less than 200,000 acres.

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

(1) conduct the first lease sale under this title within 22 months after the date of the enactment of this title; and

(2) conduct additional sales so long as sufficient interest in development exists to warrant, in the Secretary's judgment, the conduct of such sales.

SEC. 304. GRANT OF LEASES BY THE SECRETARY.

(a) IN GENERAL.—The Secretary may grant to the highest responsible qualified bidder in a lease sale conducted pursuant to section 303 any lands to be leased on the Coastal Plain upon payment by the lessee of such bonus as may be accepted by the Secretary.

(b) SUBSEQUENT TRANSFERS.—No lease issued under this title may be sold, exchanged, assigned, sublet, or otherwise transferred except with the approval of the Secretary. Prior to any such approval the Secretary shall consult with, and give due consideration to the views of, the Attorney General.

SEC. 305. LEASE TERMS AND CONDITIONS.

(a) IN GENERAL.—An oil or gas lease issued pursuant to this title shall—

(1) provide for the payment of a royalty of not less than 12½ percent in amount or value of the production removed or sold from the lease, as determined by the Secretary under the regulations applicable to other Federal oil and gas leases;

(2) provide that the Secretary may close, on a seasonal basis, portions of the Coastal Plain to exploratory drilling activities as necessary to protect caribou calving areas and other species of fish and wildlife;

(3) require that the lessee of lands within the Coastal Plain shall be fully responsible and liable for the reclamation of lands within the Coastal Plain and any other Federal lands that are adversely affected in connection with exploration, development, production, or transportation activities conducted under the lease and within the Coastal Plain by the lessee or by any of the subcontractors or agents of the lessee;

(4) provide that the lessee may not delegate or convey, by contract or otherwise, the reclamation responsibility and liability to another person without the express written approval of the Secretary;

(5) provide that the standard of reclamation for lands required to be reclaimed under this title shall

be, as nearly as practicable, a condition capable of supporting the uses which the lands were capable of supporting prior to any exploration, development, or production activities, or upon application by the lessee, to a higher or better use as approved by the Secretary;

(6) contain terms and conditions relating to protection of fish and wildlife, their habitat, subsistence resources, and the environment as required pursuant to section 302(a)(2);

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

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

(9) contain such other provisions as the Secretary determines necessary to ensure compliance with the provisions of this title and the regulations issued under this title.

(b) PROJECT LABOR AGREEMENTS.—The Secretary, as a term and condition of each lease under this title and in recognizing the Government's proprietary interest in labor stability and in the ability of construction labor and management to meet the particular needs and conditions of projects to be developed under the leases issued pursuant to this title and the special concerns of the parties to such leases, shall require that the lessee and its agents and contractors negotiate to obtain a project labor agreement for the employment of laborers and mechanics on production, maintenance, and construction under the lease.

SEC. 306. COASTAL PLAIN ENVIRONMENTAL PROTECTION.

(a) NO SIGNIFICANT ADVERSE EFFECT STANDARD TO GOVERN AUTHORIZED COASTAL PLAIN ACTIVITIES.—The Secretary shall, consistent with the requirements of section 302, administer the provisions of this title through regulations, lease terms, conditions, restrictions, prohibitions, stipulations, and other provisions that—

(1) ensure the oil and gas exploration, development, and production activities on the Coastal Plain will result in no significant adverse effect on fish and wildlife, their habitat, and the environment;

(2) require the application of the best commercially available technology for oil and gas explo-

ration, development, and production on all new exploration, development, and production operations; and

(3) ensure that the maximum amount of surface acreage covered by production and support facilities, including airstrips and any areas covered by gravel berms or piers for support of pipelines, does not exceed 2,000 acres on the Coastal Plain.

(b) SITE-SPECIFIC ASSESSMENT AND MITIGATION.—The Secretary shall also require, with respect to any proposed drilling and related activities, that—

(1) a site-specific analysis be made of the probable effects, if any, that the drilling or related activities will have on fish and wildlife, their habitat, subsistence resources, and the environment;

(2) a plan be implemented to avoid, minimize, and mitigate (in that order and to the extent practicable) any significant adverse effect identified under paragraph (1); and

(3) the development of the plan shall occur after consultation with the agency or agencies having jurisdiction over matters mitigated by the plan.

(c) REGULATIONS TO PROTECT COASTAL PLAIN FISH AND WILDLIFE RESOURCES, SUBSISTENCE USERS, AND THE ENVIRONMENT.—Before implementing the leas-

ing program authorized by this title, the Secretary shall prepare and promulgate regulations, lease terms, conditions, restrictions, prohibitions, stipulations, and other measures designed to ensure that the activities undertaken on the Coastal Plain under this title are conducted in a manner consistent with the purposes and environmental requirements of this title.

(d) COMPLIANCE WITH FEDERAL AND STATE ENVIRONMENTAL LAWS AND OTHER REQUIREMENTS.—The proposed regulations, lease terms, conditions, restrictions, prohibitions, and stipulations for the leasing program under this title shall require compliance with all applicable provisions of Federal and State environmental law, and shall also require the following:

(1) Standards at least as effective as the safety and environmental mitigation measures set forth in items 1 through 29 at pages 167 through 169 of the ''Final Legislative Environmental Impact Statement'' (April 1987) on the Coastal Plain.

(2) Seasonal limitations on exploration, development, and related activities, where necessary, to avoid significant adverse effects during periods of concentrated fish and wildlife breeding, denning, nesting, spawning, and migration.

(3) That exploration activities, except for surface geological studies, be limited to the period between approximately November 1 and May 1 each year and that exploration activities shall be supported, if necessary, by ice roads, winter trails with adequate snow cover, ice pads, ice airstrips, and air transport methods, except that such exploration activities may occur at other times if the Secretary finds that such exploration will have no significant adverse effect on the fish and wildlife, their habitat, and the environment of the Coastal Plain.

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

(A) minimize, to the maximum extent possible, adverse effects upon the passage of migratory species such as caribou; and

(B) minimize adverse effects upon the flow of surface water by requiring the use of culverts, bridges, and other structural devices.

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

(6) Stringent reclamation and rehabilitation requirements, consistent with the standards set forth in this title, requiring the removal from the Coastal

Plain of all oil and gas development and production facilities, structures, and equipment upon completion of oil and gas production operations, except that the Secretary may exempt from the requirements of this paragraph those facilities, structures, or equipment that the Secretary determines would assist in the management of the Arctic National Wildlife Refuge and that are donated to the United States for that purpose.

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

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

(9) Consolidation of facility siting.

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

(11) Avoidance, to the extent practicable, of springs, streams, and river system; the protection of natural surface drainage patterns, wetlands, and riparian habitats; and the regulation of methods or techniques for developing or transporting adequate supplies of water for exploratory drilling.

(12) Avoidance or minimization of air traffic-related disturbance to fish and wildlife.

(13) Treatment and disposal of hazardous and toxic wastes, solid wastes, reserve pit fluids, drilling muds and cuttings, and domestic wastewater, including an annual waste management report, a hazardous materials tracking system, and a prohibition on chlorinated solvents, in accordance with applicable Federal and State environmental law.

(14) Fuel storage and oil spill contingency planning.

(15) Research, monitoring, and reporting requirements.

(16) Field crew environmental briefings.

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

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

(19) Appropriate seasonal and safety zone designations around well sites, within which subsistence hunting and trapping shall be limited.

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

(21) All other protective environmental stipulations, restrictions, terms, and conditions deemed necessary by the Secretary.

(e) CONSIDERATIONS.—In preparing and promulgating regulations, lease terms, conditions, restrictions, prohibitions, and stipulations under this section, the Secretary shall consider the following:

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

(2) The environmental protection standards that governed the initial Coastal Plain seismic exploration program under parts 37.31 to 37.33 of title 50, Code of Federal Regulations.

(3) The land use stipulations for exploratory drilling on the KIC–ASRC private lands that are set forth in Appendix 2 of the August 9, 1983, agreement between Arctic Slope Regional Corporation and the United States.

(f) FACILITY CONSOLIDATION PLANNING.—

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

(2) OBJECTIVES.—The plan shall have the following objectives:

(A) Avoiding unnecessary duplication of facilities and activities.

(B) Encouraging consolidation of common facilities and activities.

(C) Locating or confining facilities and activities to areas that will minimize impact on fish and wildlife, their habitat, and the environment.

(D) Utilizing existing facilities wherever practicable.

(E) Enhancing compatibility between wildlife values and development activities.

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

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

(2) ensure that local residents shall have reasonable access to public lands in the Coastal Plain for traditional uses.

SEC. 307. EXPEDITED JUDICIAL REVIEW.

(a) FILING OF COMPLAINT.—

(1) DEADLINE.—Subject to paragraph (2), any complaint seeking judicial review of any provision of this title or any action of the Secretary under this title shall be filed—

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

(B) in the case of a complaint based solely on grounds arising after such period, within 90 days after the complainant knew or reasonably should have known of the grounds for the complaint.

(2) VENUE.—Any complaint seeking judicial review of any provision of this title or any action of the Secretary under this title may be filed only in the United States Court of Appeals for the District of Columbia.

(3) LIMITATION ON SCOPE OF CERTAIN REVIEW.—Judicial review of a Secretarial decision to conduct a lease sale under this title, including the environmental analysis thereof, shall be limited to whether the Secretary has complied with the terms of this title and shall be based upon the administrative record of that decision. The Secretary's identification of a preferred course of action to enable

leasing to proceed and the Secretary's analysis of environmental effects under this title shall be presumed to be correct unless shown otherwise by clear and convincing evidence to the contrary.

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

SEC. 308. FEDERAL AND STATE DISTRIBUTION OF REVENUES.

(a) IN GENERAL.—Notwithstanding any other provision of law, of the amount of adjusted bonus, rental, and royalty revenues from Federal oil and gas leasing and operations authorized under this title—

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

(2) except as provided in section 311(d), the balance shall be transferred to the American-Made Energy Trust Fund.

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

SEC. 309. RIGHTS-OF-WAY ACROSS THE COASTAL PLAIN.

(a) IN GENERAL.—The Secretary shall issue rights-of-way and easements across the Coastal Plain for the transportation of oil and gas—

(1) except as provided in paragraph (2), under section 28 of the Mineral Leasing Act (30 U.S.C. 185), without regard to title XI of the Alaska National Interest Lands Conservation Act (30 U.S.C. 3161 et seq.); and

(2) under title XI of the Alaska National Interest Lands Conservation Act (30 U.S.C. 3161 et seq.), for access authorized by sections 1110 and 1111 of that Act (16 U.S.C. 3170 and 3171).

(b) TERMS AND CONDITIONS.—The Secretary shall include in any right-of-way or easement issued under subsection (a) such terms and conditions as may be necessary to ensure that transportation of oil and gas does not result in a significant adverse effect on the fish and wildlife, subsistence resources, their habitat, and the environment of the Coastal Plain, including requirements that facilities be sited or designed so as to avoid unnecessary duplication of roads and pipelines.

(c) REGULATIONS.—The Secretary shall include in regulations under section 302(g) provisions granting rights-of-way and easements described in subsection (a) of this section.

SEC. 310. CONVEYANCE.

In order to maximize Federal revenues by removing clouds on title to lands and clarifying land ownership pat-

terns within the Coastal Plain, the Secretary, notwithstanding the provisions of section 1302(h)(2) of the Alaska National Interest Lands Conservation Act (16 U.S.C. 3192(h)(2)), shall convey—

(1) to the Kaktovik Inupiat Corporation the surface estate of the lands described in paragraph 1 of Public Land Order 6959, to the extent necessary to fulfill the Corporation's entitlement under sections 12 and 14 of the Alaska Native Claims Settlement Act (43 U.S.C. 1611 and 1613) in accordance with the terms and conditions of the Agreement between the Department of the Interior, the United States Fish and Wildlife Service, the Bureau of Land Management, and the Kaktovik Inupiat Corporation effective January 22, 1993; and

(2) to the Arctic Slope Regional Corporation the remaining subsurface estate to which it is entitled pursuant to the August 9, 1983, agreement between the Arctic Slope Regional Corporation and the United States of America.

SEC. 311. LOCAL GOVERNMENT IMPACT AID AND COMMUNITY SERVICE ASSISTANCE.

(a) FINANCIAL ASSISTANCE AUTHORIZED.—

(1) IN GENERAL.—The Secretary may use amounts available from the Coastal Plain Local Gov-

ernment Impact Aid Assistance Fund established by subsection (d) to provide timely financial assistance to entities that are eligible under paragraph (2) and that are directly impacted by the exploration for or production of oil and gas on the Coastal Plain under this title.

(2) ELIGIBLE ENTITIES.—The North Slope Borough, the City of Kaktovik, and any other borough, municipal subdivision, village, or other community in the State of Alaska that is directly impacted by exploration for, or the production of, oil or gas on the Coastal Plain under this title, as determined by the Secretary, shall be eligible for financial assistance under this section.

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

(1) planning for mitigation of the potential effects of oil and gas exploration and development on environmental, social, cultural, recreational, and subsistence values;

(2) implementing mitigation plans and maintaining mitigation projects;

(3) developing, carrying out, and maintaining projects and programs that provide new or expanded public facilities and services to address needs and

problems associated with such effects, including fire-fighting, police, water, waste treatment, medivac, and medical services; and

(4) establishment of a coordination office, by the north slope borough, in the city of kaktovik, which shall—

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

(B) provide to the Committee on Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate an annual report on the status of coordination between developers and the communities affected by development.

(c) APPLICATION.—

(1) IN GENERAL.—Any community that is eligible for assistance under this section may submit an application for such assistance to the Secretary, in such form and under such procedures as the Secretary may prescribe by regulation.

(2) NORTH SLOPE BOROUGH COMMUNITIES.—A community located in the North Slope Borough may apply for assistance under this section either directly

to the Secretary or through the North Slope Borough

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

(d) ESTABLISHMENT OF FUND.—

(1) IN GENERAL.—There is established in the Treasury the Coastal Plain Local Government Impact Aid Assistance Fund.

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

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

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

(5) INVESTMENT OF BALANCES.—The Secretary of the Treasury shall invest amounts in the fund in interest bearing government securities.

(e) AUTHORIZATION OF APPROPRIATIONS.—To provide financial assistance under this section there is authorized to be appropriated to the Secretary from the Coastal Plain Local Government Impact Aid Assistance Fund $5,000,000 for each fiscal year.

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