

1 COMMITTEE: Agriculture and Energy
2 POLICY: Use of Outer Continental Shelf Revenues and On-Shore
3 Drilling Revenues
4 TYPE OF POLICY: Existing
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6 **On-Shore Drilling**

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8 Existing federal law authorizes the sharing of revenue from mineral extraction with the state
9 in which it occurs. As required under the Federal Oil and Gas Royalty Management Act of
10 1982 (30 U.S.C. 1701 et. seq.), 50 percent of the revenues from federal on-shore drilling is
11 paid to the state in which the lease is located. The Act ensures that state legislatures shall
12 direct the use of these funds.

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- 14 • NCSL supports the state legislatures' role in the appropriation of these funds.
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 - 16 • NCSL opposes any effort by Congress or the Administration to reduce the revenue
17 share paid to states in an effort to off-set federal expenditures on a temporary or
18 permanent basis.

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20 **Off-Shore Drilling**

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22 Revenue shared from Outer Continental Shelf (OCS) oil and gas development leases (off-
23 shore drilling) are shared with states at rates less than those percentage distributions from
24 land-based mineral extractions (on-shore drilling).

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26 While this NCSL policy resolution does not support or oppose additional exploration or
27 production on the OCS, to the extent mineral extraction occurs Congress is urged to;

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- 29 • authorize and appropriate 50 percent of the Outer Continental Shelf (OCS) revenues
30 to the states;

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- 32 • ensure the state legislatures' participation in the appropriation of these funds; and
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34 • provide state lawmakers the flexibility to target these funds to their respective state's
35 natural resource priorities.

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37 OCS revenue sharing with the states should be in addition to and not replace other Federal
38 funding programs.

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40 **OCS Related Activity**

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42 In addition, NCSL urges Congress to include the following provision with regards to drilling
43 and mining activities on the OCS:

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- 45 • Preserve state authority to impose moratoriums on or allow for mineral exploration,
46 development and production activities on the OCS.

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- 48 • Lift federal fees charged to states for use of sand, gravel and shell resources taken
49 from the OCS for use in beach nourishment and other coastal erosion mitigation
50 activities.

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- 52 • Give states full review of development and production of mineral resources on the
53 OCS.

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