



To: Members of the House Natural Resources Committee

From: National Taxpayers Union

Date: September 1, 2021

Subject: Taxpayer considerations and amendment proposals for the Committee's reconciliation bill

I. Introduction and Key Taxpayer Considerations for the Reconciliation Bill

National Taxpayers Union (NTU) is the nation's oldest taxpayer advocacy organization. For more than fifty years, NTU has worked tirelessly to advance pro-taxpayer policies that lower tax burdens, promote free enterprise, and limit the size and scope of government. Our dedication to fighting for taxpayers on a wide variety of issues has enabled NTU to build a strong reputation on Capitol Hill, both among Democrats and Republicans. The current prospect of Congress passing, and the president signing, a \$3.5 trillion tax and spend bill has prompted NTU to continue the fight on behalf of taxpayers. The proposed \$3.5 trillion reconciliation bill raises federal spending to historic heights, levies new and punitive taxes on American businesses and families, and raises existing taxes to levels that will harm the country's economic recovery from the COVID-19 crisis. With the nation \$28 trillion in debt and counting, and projected to run trillion-dollar deficits for the next decade, Congress must urgently direct its attention instead to debt and deficit reduction.

To this end, as the House Natural Resources Committee marks up its portion of the \$3.5 trillion reconciliation package, it is clear that nearly every provision in this flawed bill runs counter to our aforementioned core principles that have guided NTU's history. As a result, we believe the bill that the Committee will soon mark up would result in numerous tax and fee increases on American businesses, increase prices on American consumers, and have severe consequences to the federal budget if passed. We strongly urge all committee members to **reject** passage of this section of the budget reconciliation package.

Broadly speaking, we wish to share some of our topline considerations for taxpayers regarding this bill. They are:

- Increases spending by tens of billions of dollars on duplicative or wasteful federal programs;
- Unleashes an unprecedented assault on American energy producers through enhanced regulations and higher taxes and fees on resource extraction; and
- Will result in higher energy prices paid by American businesses and consumers.

Notwithstanding the concerns outlined above, and detailed in the sections below, there are provisions in this legislation worth supporting, either on their own or with modifications. They are: potential reforms to the outdated National Environmental Policy Act that would encourage the construction of projects in a more efficient and timely manner and the sale of outer shelf coastal areas for renewable energy projects.

II. Amendments That Could Improve the Committee’s Reconciliation Bill

Though we strongly urge all committee members to oppose the bill, NTU still offers suggestions on constructive amendment ideas that would, on net, improve the bill. They are:

Subtitle A -

Recommended Changes

This section would provide more than \$5 billion in funding for the Bureau of Indian Affairs and Indian Health Service. At a time of untenable debt and deficits, the Committee should work to reduce spending and exercise fiscal restraint in all parts of the federal budget.

Subtitle B - National Parks, Forests, and Public Lands

This section authorizes more than \$5.2 billion for a slew of new and existing programs. We urge members to significantly reduce or eliminate the vast majority of this funding.

Recommended changes

1. Strike section 70202. This section authorizes \$3 billion of taxpayer funding to create a new “Civilian Climate Corps,” across four federal agencies. The intended purpose of the proposed CCC is to train a new American force focused on coastal restoration, reinvigorating national park trails, restoring wildlife preserves, and help with climate disaster recovery, among other jobs. This money is duplicative, as the National Park Service, Bureau of Land Management, Fish and Wildlife Service, and Tribal agencies already receive billions of dollars to do exactly what the CCC aims to do. The CCC would just become another wasteful, overlapping program that already plagues the federal budget.
2. Strike Section 70206. This section authorizes \$100 million in funding over five years for the National Park Service to “enhance access” to parks located in urban areas.
3. Strike Section 70210. This section authorizes \$75 million in additional funding for the Historic Preservation Fund within the National Park Service.

Subtitle D - NEPA

Recommended changes

1. Amend Subtitle D. While NTU appreciates that the majority recognizes the need to address the severe inefficiencies caused by the National Environmental Policy Act (NEPA), the text, as written, is flawed. In its current form, subtitle D allocates \$150 million to hire more bureaucrats and purchase more equipment in order to “provide for more efficient and more effective environmental reviews under the National Environmental Policy Act of 1969.” While some additional funding may be needed in order to cover workforce expenses to implement reforms to NEPA, it does not make sense to spend \$150 million in taxpayer money in order to cut red tape. Worse, this provision fails to include any tangible reforms to NEPA, which could actually result in zero changes to NEPA applications. In fact, earlier this year, NTU unveiled numerous NEPA reforms that Congress and the Biden administration could implement that would make a meaningful difference in the cost and timeline for bringing projects on line. Unfortunately, the current text, absent NEPA reforms, is unacceptable. Fewer bureaucrats, not more, is the key to building more projects faster.

Subtitle E - NOAA

Recommended changes

1. Strike section 70502. This section would authorize \$400 million for the Pacific Coastal Salmon Recovery Fund over a period of five years. This spending level is over 23 percent higher than the normal annual cost of the PCSRF, typically appropriated at \$65 million annually. Citizens Against Government Waste and the Republican Study Committee routinely urge the elimination of this blatantly wasteful earmark.
2. Strike section 70509. This section would authorize \$120 million for a CCC within the NOAA. The objective of the CCC is similar to other programs and missions within the NOAA, and would therefore be yet another duplicative federal program.

Subtitle F—United States Fish and Wildlife Service

Recommended changes

1. NTU urges the complete elimination of Subtitle F. The entirety of this subtitle authorizes over \$500 million for the preservation of animals, insects, plants, and habitats. It is unreasonable for taxpayers to foot the bill for comical spending projects that have nothing to do with physical infrastructure or “human” infrastructure. For example, this subtitle contains tens of millions of dollars for the preservation of desert fish, butterflies, mussels, and Hawaiian plants, among many other provisions. During this period of record debt and deficits, it makes little sense to spend money we don’t have on earmarks and pork barrel spending on stupid things.

Subtitle H—Energy and Mineral Resources

The vast majority of this subtitle would have significant macroeconomic consequences and dramatically harm American businesses, workers, and consumers. The mix of fee and tax increases, in conjunction with numerous crippling regulations, would handicap American producers of fossil fuels from delivering energy to Americans at an affordable rate. At its core, this subtitle is intended to make fossil fuels more expensive in order to decrease the reliance on these types of fuels at the benefit of “green” energy. By using the heavy hand of the federal government to make fossil fuels uncompetitive and unaffordable, it acts as a backdoor ban on nonrenewable energy. Instead of using the power of the federal government to pick and choose which types of energy are allowed, lawmakers should employ an “all of the above” strategy. Letting the market choose which types of energy should be used is the most fair and effective way to lower prices and protect jobs.

Recommended changes

1. Strike section 70804, subsection A. This section would repeal oil and gas leasing and drilling in the coastal plain of the Arctic National Wildlife Refuge allowed in the 2017 tax reform law (Public Law 115-97). This area of Alaska contains significant petroleum reserves and would raise billions of dollars in revenue for the federal government. Prohibiting the extraction of resources here would hurt job creation and threaten American energy independence.
2. Strike section 70804, subsection B. This section would prohibit the issuance of any new oil and gas leases located in the outer coastal continental shelf. This provision is a ban on the extraction of offshore natural resources. By banning offshore drilling, American companies, rig workers, and consumers would be hurt most. It would also increase our reliance on foreign energy production.
3. Strike section 70804, subsection C and D. These sections would drastically increase the royalties paid on the onshore and offshore extraction of oil and natural gas. Under these provisions, the royalty rates on both onshore and offshore drilling would increase from 12 ½ percent to 20 percent. While proponents of

higher royalty rates believe these fees would only impact big oil companies, it is likely these higher rates would be passed onto consumers in the form of higher prices.

4. Strike Section 70804, subsection E. This section would quintuple the minimum bid price on oil and gas leases from \$2 per acre, to \$10 per acre. Worse, the minimum price bid would be indexed to inflation and is therefore likely to rise every four years. This substantial increase would make it more expensive for businesses to explore and extract American natural resources. This would no doubt impact job creation and the prices consumers pay.
5. Strike section 70804, subsection H. This section would cut in half the lease term for drilling on federal land from twenty years, down to ten years.
6. Strike section 70804, subsection I. This section would impose a new federal “expression of interest” fee of \$15 per acre on applications. This fee would be adjusted every four years.
7. Strike section 70804, subsection L. This section imposes a new annually occurring \$4 per acre fee for producing onshore/offshore oil and gas leases. Additionally, this section also includes a new annually occurring \$6 per acre fee for non producing onshore/offshore oil and gas leases.
8. Strike Section 70804, subsection M. This section adds escalating annual inspection fees for each oil and gas lease on Federal or Indian lands, up to \$11,300 for each lease/unit with more than 50 wells.
9. Strike Section 70804, subsection N. This section adds escalating annual inspection fees for offshore oil and gas leases, up to \$35,176 for facilities with more than 10 wells.
10. Strike Section 70804, subsection O. This section adds new “severance fees” from leases on Federal lands at not less than \$0.50 per barrel of oil equivalent on oil/natural gas produced from Federal lands and not less than \$2 per metric ton of coal produced from Federal lands
11. Strike Section 70804, subsection P. This section adds new annual and escalating idled well fees, up to \$7,500 for wells that have been idled for at least 15 years.
12. Strike Section 70804, subsection Q. This section adds a new annual offshore pipeline owner fee, up to \$10,000 per mile for pipelines in water with a depth of 500 feet or greater.
13. Amend Section 70807. This section would authorize \$2.5 billion in funding to the Bureau of Land Management for the purposes of cleaning up hazardous abandoned mine lands. To help reduce the costs, this section adds a royalty of 8 percent of gross income on all mineral extraction.

III. NTU’s Thinking on the Combined Reconciliation Package

As the authorizing committees in Congress work on separate reconciliation bills, NTU wishes to inform Members and their staff that we have several significant concerns with the current framework of the overall, combined reconciliation effort. This proposed legislation would spend a staggering \$3.5 trillion -- likely adding trillions to the national debt and severely harming the economic recovery effort. If the combined reconciliation bill came to the House or Senate floor today, we would advise Members to vote “NO” on the legislation. The bill would be **heavily weighted** in NTU’s annual rating of Congress.

IV. Contact Information

Should you have any questions about the recommendations in this memo, please do not hesitate to reach out to Thomas Aiello and Thomas.Aiello@ntu.org