

113TH CONGRESS
1ST SESSION

S. 199

To amend the Outer Continental Shelf Lands Act to require that oil produced from Federal leases in certain Arctic waters be transported by pipeline to onshore facilities and to provide for the sharing of certain outer Continental Shelf revenues from areas in the Alaska Adjacent Zone.

IN THE SENATE OF THE UNITED STATES

JANUARY 31, 2013

Mr. BEGICH introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

A BILL

To amend the Outer Continental Shelf Lands Act to require that oil produced from Federal leases in certain Arctic waters be transported by pipeline to onshore facilities and to provide for the sharing of certain outer Continental Shelf revenues from areas in the Alaska Adjacent Zone.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Alaska Adjacent Zone
5 Safe Oil Transport and Revenue Sharing Act”.

1 **SEC. 2. PRODUCTION OF OIL FROM CERTAIN ARCTIC OFF-**
2 **SHORE LEASES.**

3 Section 5 of the Outer Continental Shelf Lands Act
4 (43 U.S.C. 1334) is amended by adding at the end the
5 following:

6 “(k) OIL TRANSPORTATION IN ARCTIC WATERS.—

7 The Secretary shall—

8 “(1) require that oil produced from Federal
9 leases in Arctic waters in the Chukchi Sea planning
10 area, Beaufort Sea planning area, or Hope Basin
11 planning area be transported by pipeline to onshore
12 facilities; and

13 “(2) provide for, and issue appropriate permits
14 for, the transportation of oil from Federal leases in
15 Arctic waters in preproduction phases (including ex-
16 ploration) by means other than pipeline.”.

17 **SEC. 3. REVENUE SHARING FROM AREAS IN ALASKA ADJA-**
18 **CENT ZONE.**

19 Section 18 of the Outer Continental Shelf Lands Act
20 (43 U.S.C. 1344) is amended by adding at the end the
21 following:

22 “(i) REVENUE SHARING FROM AREAS IN ALASKA
23 ADJACENT ZONE.—

24 “(1) DEFINITIONS.—In this subsection:

25 “(A) COASTAL POLITICAL SUBDIVISION.—

26 The term ‘coastal political subdivision’ means a

1 county-equivalent subdivision of the State all or
2 part of which—

3 “(i) lies within the coastal zone (as
4 defined in section 304 of the Coastal Zone
5 Management Act of 1972 (16 U.S.C.
6 1453)); and

7 “(ii) the closest point of which is not
8 more than 300 statute miles from the geo-
9 graphical center of any leased tract.

10 “(B) DISTANCE.—The term ‘distance’
11 means minimum great circle distance.

12 “(C) INDIAN TRIBE.—The term ‘Indian
13 tribe’ means an Alaska Native entity recognized
14 and eligible to receive services from the Bureau
15 of Indian Affairs, the headquarters of which is
16 located within 300 miles of the geographical
17 center of a leased tract.

18 “(D) LEASED TRACT.—The term ‘leased
19 tract’ means a tract leased under this Act for
20 the purpose of drilling for, developing, and pro-
21 ducing oil or natural gas resources.

22 “(E) RENEWABLE ENERGY.—The term
23 ‘renewable energy’ means solar, wind, ocean,
24 current, wave, tidal, or geothermal energy.

1 “(F) STATE.—The term ‘State’ means the
2 State of Alaska.

3 “(2) REVENUE SHARING.—Subject to para-
4 graphs (3), (4), and (5), effective beginning on the
5 date of enactment of this subsection, the State shall,
6 without further appropriation or action, receive 37.5
7 percent of all revenues derived from all rentals, roy-
8 alties, bonus bids, and other sums due and payable
9 to the United States from energy development in
10 any area of the Alaska Adjacent Zone, including
11 from all sources of renewable energy leased, devel-
12 oped, or produced in any area in the Alaska Adja-
13 cent Zone.

14 “(3) ALLOCATION AMONG COASTAL POLITICAL
15 SUBDIVISIONS OF THE STATE.—

16 “(A) IN GENERAL.—The Secretary shall
17 pay 25 percent of any allocable share of the
18 State, as determined under paragraph (2), di-
19 rectly to coastal political subdivisions.

20 “(B) ALLOCATION.—

21 “(i) IN GENERAL.—For each leased
22 tract used to calculate the allocation of the
23 State, the Secretary shall pay the coastal
24 political subdivisions within 300 miles of
25 the geographical center of the leased tract

1 based on the relative distance of the coast-
2 al political subdivisions from the leased
3 tract in accordance with this subpara-
4 graph.

5 “(ii) DISTANCES.—For each coastal
6 political subdivision, the Secretary shall de-
7 termine the distance between the point on
8 the coastal political subdivision coastline
9 closest to the geographical center of the
10 leased tract and the geographical center of
11 the tract.

12 “(iii) PAYMENTS.—The Secretary
13 shall divide and allocate the qualified outer
14 Continental Shelf revenues derived from
15 the leased tract among coastal political
16 subdivisions in amounts that are inversely
17 proportional to the applicable distances de-
18 termined under clause (ii).

19 “(4) ALLOCATION AMONG REGIONAL CORPORA-
20 TIONS.—

21 “(A) IN GENERAL.—The Secretary shall
22 pay 25 percent of any allocable share of the
23 State, as determined under this subsection, di-
24 rectly to certain Regional Corporations estab-

1 lished under section 7(a) of the Alaska Native
2 Claims Settlement Act (43 U.S.C. 1606(a)).

3 “(B) ALLOCATION.—

4 “(i) IN GENERAL.—For each leased
5 tract used to calculate the allocation of the
6 State, the Secretary shall pay the Regional
7 Corporations, after determining those Na-
8 tive villages within the region of the Re-
9 gional Corporation which are within 300
10 miles of the geographical center of the
11 leased tract based on the relative distance
12 of such villages from the leased tract, in
13 accordance with this paragraph.

14 “(ii) DISTANCES.—For each such vil-
15 lage, the Secretary shall determine the dis-
16 tance between the point in the village clos-
17 est to the geographical center of the leased
18 tract and the geographical center of the
19 tract.

20 “(iii) PAYMENTS.—The Secretary
21 shall divide and allocate the qualified outer
22 Continental Shelf revenues derived from
23 the leased tract among the qualifying Re-
24 gional Corporations in amounts that are
25 inversely proportional to the distances of

1 all of the Native villages within each quali-
2 fying region.

3 “(iv) REVENUES.—All revenues re-
4 ceived by each Regional Corporation under
5 clause (iii) shall be—

6 “(I) treated by the Regional Cor-
7 poration as revenue subject to the dis-
8 tribution requirements of section
9 7(i)(1)(A) of the Alaska Native
10 Claims Settlement Act (43 U.S.C.
11 1606(i)(1)(A)); and

12 “(II) divided annually by the Re-
13 gional Corporation among all 12 Re-
14 gional Corporations in accordance
15 with section 7(i) of that Act.

16 “(v) FURTHER DISTRIBUTION TO VIL-
17 LAGE CORPORATIONS.—A Regional Cor-
18 poration receiving revenues under clause
19 (iii) or (iv)(II) shall further distribute 50
20 percent of the revenues received to the Vil-
21 lage Corporations in the region and the
22 class of stockholders who are not residents
23 of those villages in accordance with section
24 7(j) of that Act (43 U.S.C. 1606(j)).

25 “(5) ALLOCATION AMONG INDIAN TRIBES.—

1 “(A) IN GENERAL.—The Secretary shall
2 pay 10 percent of any allocable share of the
3 State, as determined under this subsection, di-
4 rectly to Indian tribes.

5 “(B) ALLOCATION.—

6 “(i) IN GENERAL.—For each leased
7 tract used to calculate the allocation of the
8 State, the Secretary shall pay Indian tribes
9 based on the relative distance of the head-
10 quarters of the Indian tribes from the
11 leased tract, in accordance with this sub-
12 paragraph.

13 “(ii) DISTANCES.—For each Indian
14 tribe, the Secretary shall determine the
15 distance between the location of the head-
16 quarters of the Indian tribe and the geo-
17 graphical center of the tract.

18 “(iii) PAYMENTS.—The Secretary
19 shall divide and allocate the qualified outer
20 Continental Shelf revenues derived from
21 the leased tract among the Indian tribes in
22 amounts that are inversely proportional to
23 the distances described in clause (ii).

24 “(6) CONSERVATION ROYALTY.—After making
25 distributions under paragraph (2) and section 31,

1 the Secretary shall, without further appropriation or
2 action, distribute a conservation royalty equal to 15
3 percent of Federal royalty revenues derived from an
4 area leased under this subsection from all areas
5 leased under this subsection for any year, into the
6 land and water conservation fund established under
7 section 2 of the Land and Water Conservation Fund
8 Act of 1965 (16 U.S.C. 460*l*-5) to provide financial
9 assistance to States under section 6 of that Act (16
10 U.S.C. 460*l*-8).

11 “(7) DEFICIT REDUCTION.—After making dis-
12 tributions in accordance with paragraph (2) and in
13 accordance with section 31, the Secretary shall,
14 without further appropriation or action, distribute
15 an amount equal to 7.5 percent of Federal royalty
16 revenues derived from an area leased under this sub-
17 section from all areas leased under this subsection
18 for any year, into direct Federal deficit reduction.”.

19 **SEC. 4. IMPOSITION OF EXCISE TAX ON BITUMEN TRANS-**
20 **PORTED INTO THE UNITED STATES.**

21 (a) IN GENERAL.—Subsection (a) of section 4612 of
22 the Internal Revenue Code of 1986 is amended—

23 (1) in paragraph (1), by striking “and natural
24 gasoline” and inserting “, natural gasoline, and bitu-
25 men”, and

1 (2) by inserting at the end the following new
2 paragraph:

3 “(10) BITUMEN.—The term ‘bitumen’ includes
4 diluted bitumen, bituminous mixtures, or any oil
5 manufactured from bitumen or a bituminous mix-
6 ture.”.

7 (b) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to oil and petroleum products re-
9 ceived or entered after December 31, 2013.

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