

Comparative Print: Changes in Existing Law for Bill number:

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Summary

- (1) 4 amendments.
- (2) 0 automated notifications.

Current Law(s) being amended

[1. Geothermal Steam Act of 1970](#)

Comparative Print: Changes in Existing Law

1. Geothermal Steam Act of 1970

[As Amended Through P.L. 116–260, Enacted December 27,
2020]

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Sec. 5. RENTS AND ROYALTIES.⁶

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The amendment made by section 236(7) of Public Law 109–58 was carried out to reflect the probable intent of Congress. The instruction to strike “**SEC. 5.**” probably should have been to strike “**Sec. 5.**”.

(a) **In General.**— Geothermal leases shall provide for—

(1) a royalty on electricity produced using geothermal resources, other than direct use of geothermal resources, that shall be—

(A) *with respect to each electric generating facility producing electricity from such resources*, not less than 1 percent and not more than 2.5 percent of the gross proceeds from the sale of electricity produced *by such facility* from such resources during the first 10 years of production under the lease; and

(B) *with respect to each electric generating facility producing electricity from such resources*, not less than 2 and not more than 5 percent of the gross proceeds from the sale of electricity produced *by such facility* from such resources during each year after such 10-year period;

(2) a royalty on any byproduct that is a mineral specified in the first section of the Mineral Leasing Act (30 U.S.C. 181), and that is derived from production under the lease, at the rate of the royalty that applies under that Act to production of the mineral under a lease under that Act; and

(3) payment in advance of an annual rental of not less than—

(A) for each of the 1st through 10th years of the lease—

(i) in the case of a lease awarded in a noncompetitive lease sale, \$1 per acre or fraction thereof; or

(ii) in the case of a lease awarded in a competitive lease sale, \$2 per acre or fraction thereof for the 1st year and \$3 per acre or fraction thereof for each of the 2nd through 10th years; and

(B) for each year after the 10th year of the lease, \$5 per acre or fraction thereof.

(b) **Direct Use.**—

(1) **In general.**— Notwithstanding subsection (a)(1), the Secretary shall establish a schedule of fees, in lieu of royalties for geothermal resources, that a lessee or its affiliate—

(A) uses for a purpose other than the commercial generation of electricity; and

(B) does not sell.

(2) **Schedule of fees.**— The schedule of fees—

(A) may be based on the quantity or thermal content, or both, of geothermal resources used;

(B) shall ensure a fair return to the United States for use of the resource; and

(C) shall encourage development of the resource.

(3) **State, tribal, or local governments.**— If a State, tribal, or local government is the lessee and uses geothermal resources without sale and for public purposes other than commercial generation of electricity, the Secretary shall charge only a nominal fee for use of the resource.

(4) **Final regulation.**— In issuing any final regulation establishing a schedule of fees under this subsection, the Secretary shall seek—

(A) to provide lessees with a simplified administrative system;

(B) to facilitate development of direct use of geothermal resources; and

(C) to contribute to sustainable economic development opportunities in the area.

(c) Final Regulation Establishing Royalty Rates.— In issuing any final regulation establishing royalty rates under this section, the Secretary shall seek—

- (1) to provide lessees a simplified administrative system;
- (2) to encourage new development; and
- (3) to achieve the same level of royalty revenues over a 10-year period as the regulation in effect on the date of enactment of this subsection.

(d) Credits for In-Kind Payments of Electricity.— The Secretary may provide to a lessee a credit against royalties owed under this Act, in an amount equal to the value of electricity provided under contract to a State or county government that is entitled to a portion of such royalties under section 20 of this Act, section 35 of the Mineral Leasing Act (30 U.S.C. 191), except as otherwise provided by this section, or section 6 of the Mineral Leasing Act for Acquired Lands (30 U.S.C. 355), if—

- (1) the Secretary has approved in advance the contract between the lessee and the State or county government for such in-kind payments;
- (2) the contract establishes a specific methodology to determine the value of such credits; and
- (3) the maximum credit will be equal to the royalty value owed to the State or county that is a party to the contract and the electricity received will serve as the royalty payment from the Federal Government to that entity.

(e) Crediting of Rental Toward Royalty.— Any annual rental under this section that is paid with respect to a lease before the first day of the year for which the annual rental is owed shall be credited to the amount of royalty that is required to be paid under the lease for that year.

(f) Advanced Royalties Required for Cessation of Production.—

(1) In general.— Subject to paragraphs (2) and (3), if, at any time after commercial production under a lease is achieved, production ceases for any reason, the lease shall remain in full force and effect for a period of not more than an aggregate number of 10 years beginning on the date production ceases, if, during the period in which production is ceased, the lessee pays royalties in advance at the monthly average rate at which the royalty was paid during the period of production.

(2) Reduction.— The amount of any production royalty paid for any year shall be reduced (but not below 0) by the amount of any advanced royalties paid under the lease to the extent that the advance royalties have not been used to reduce production royalties for a prior year.

(3) Exceptions.— Paragraph (1) shall not apply if the cessation in production is required or otherwise caused by—

- (A) the Secretary;
- (B) the Secretary of the Air Force;
- (C) the Secretary of the Army;
- (D) the Secretary of the Navy;
- (E) a State or a political subdivision of a State; or
- (F) a force majeure.

(g) Termination of Lease for Failure to Pay Rental.—

(1) **In general.**— The Secretary shall terminate any lease with respect to which rental is not paid in accordance with this Act and the terms of the lease under which the rental is required, on the expiration of the 45-day period beginning on the date of the failure to pay the rental.

(2) **Notification.**— The Secretary shall promptly notify a lessee that has not paid rental required under the lease that the lease will be terminated at the end of the period referred to in paragraph (1).

(3) **Reinstatement.**— A lease that would otherwise terminate under paragraph (1) shall not terminate under that paragraph if the lessee pays to the Secretary, before the end of the period referred to in paragraph (1), the amount of rental due plus a late fee equal to 10 percent of the amount.

[(30 U.S.C. 1004)]

Summary

- (1) 4 amendments.
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