

Committee on Natural Resources

Views and Estimates for Fiscal Year 2018

Rob Bishop, Chairman

Overview

America's federal lands and domestic resources can, if managed wisely, support vibrant economic growth and provide solutions to our nation's growing structural budget crisis. Mismanagement of these assets, as we have encountered over the last decade or more, results in economic harm upon local communities and fiscal duress for federal, state and local governments. It's time for a paradigm shift in our nation's approach to federal land management. It's time to start promoting domestic energy exploration, greater land management, abundant water resource development, enhanced recreational opportunities, and creative incentives to responsibly conserve, produce and steward these valuable and abundant resources for the benefit of the American people. If, as a nation, we are to pursue this new approach with success the Fiscal Year 2018 budget must reflect these priorities and principles.

Instead of levying excessive federal spending and regulatory barriers that burden productivity, we must pursue creative solutions to bolster stewardship of the land, water and natural resource development. Furthermore, to enhance America's potential, we must focus on ongoing problems with our federal land and natural resources to achieve energy security—rather than increasing fees, growing a bureaucracy, imposing new regulations and siphoning money from productive uses to expand federal land acquisition.

The status quo can and must change, but this can only happen if we confront challenges with new, creative, and fiscally prudent solutions. Fiscal prudence paired with responsible resource development is a core driver of job creation, fiscal stability, and greater opportunity for our people.

New Administration

With a new administration that is actually willing to work with Congress on constructive problem solving, institutions of government at the federal level pose new and better opportunities to ennoble people rather than bureaucracy. In this new environment, Congress must lead. We have an unparalleled opportunity to roll back some of the most egregious policies of the Obama administration and begin building stronger communities through more expansive economic growth, fiscal discipline, and greater revenues that support social needs and a more vibrant and free society with endless potential.

Federal Land Conveyances and Exchanges

Current budget practices frequently create insurmountable barriers to reducing the federal estate through transfer of federal land back to local, state, and tribal governments. They can also impede, delay, or preclude equitable land exchanges between the federal government and other entities, including private citizens, states, or local governments. These transfers both grow local economies and reduce the size of the federal government. It is imperative to include language in the budget resolution that will eliminate barriers that impede government-to-government land transfers.

The federal government already owns approximately 640 million acres of land – encompassing almost *one-third* of the United States (incredibly, the federal government doesn't know exactly how much land it owns, despite repeated requests for such information).

Under existing budget conventions, when legislation transfers federal land currently or potentially generating income – typically mineral receipts, grazing leases, timber sales, or concessionaire contracts – the land transfer is scored as a loss to the federal government. This score is generated whether or not revenue to the federal government will ever be derived from the land. In some cases, it is assumed that land can generate income to the federal government, even if the title to that land or its underlying minerals is unclear and simply claimed by the federal government based on a questionable survey or legal documentation.

If a local government or tribe is managing the land, assuming liability risks and developing the resources, it should be entitled to the income generated by those efforts. Allowing individuals with local knowledge to make better economic use of the land would generate state and local tax income, as well as result in significant management, maintenance, and repair cost savings to the federal government. Unfortunately, current budget practices do not fully recognize this fiscal benefit.

Poorly managed federal lands create a burden for surrounding states and communities. These lands cannot be taxed and, in many cases, are in extreme disrepair (agencies estimate a \$20 billion dollar – and growing – maintenance backlog). Often mingled with private land, federal lands isolate communities, limit growth, adversely impact land value, and can lead to violations of private property rights.

Some argue that the selling of federal lands resolves these budget difficulties. However, this is often an economic impossibility. In Daggett County, Utah, for example, the ability of the county to provide for its 900 residents is extremely limited, since the federal government owns 98% of land in the county. This makes it extremely difficult for the county to encourage economic growth and pay for teachers, firefighters, and other community services. Daggett County certainly doesn't have the funds to buy back the land that the territory of Utah gave to the federal government cost free in 1896 (which was supposed to be returned), but it needs the income from the land to grow.

The solution is to convey certain lands to state, local, and tribal governments, without limiting strings attached, including reversionary clauses. We request that a provision eliminating barriers for these conveyances be included in the budget resolution.

In addition, to allow for these conveyances to start immediately, we ask that you build in \$50 million into the budget to cover possible impacts on offsetting receipts. The vitality of these lands, after being conveyed from the federal government, will reduce the need for other taxpayer-funded federal support, either through Payments in Lieu of Taxes or other programs such as Secure Rural Schools.

Department of the Interior

Bureau of Indian Affairs (BIA)

Trust Management. Over the last several decades, some of the costliest recurring items in the annual budget request of the Department of the Interior were for the management, probate, and consolidation of highly fractionated Indian lands. These functions are authorized by various Indian land leasing statutes, the Indian Land Consolidation Act, and the American Indian Probate Reform Act.

Consolidating highly fractionated Indian land remains a huge challenge. The Claims Resolution Act of 2010 provided a mandatory appropriation of \$1.9 billion to the Department for the Indian Land Consolidation Program for Tribal Nations (Land Buy-Back Program). Through September 30, 2016, the Land Buy-Back Program has concluded transactions worth \$900 million, restoring the equivalent of 1.7 million acres of land to tribal ownership. The Department has until 2022 to spend the remaining \$1 billion of appropriated funds for consolidating highly fractionated Indian lands before any unspent funds are returned to the U.S. Treasury.

While the Department has, after inexplicable delays, finally implemented a land consolidation plan, it is doubtful that spending \$1.9 billion on acquiring highly fractionated interests in Indian lands will do more than temporarily resolve the land fractionation problem. The Committee is concerned that without creative proposals to resolve this problem, the Department will seek additional appropriations within the next several years. Several tribes continue to have concerns regarding the approach and efforts put forth by the Department during the previous administration.

The Department should study, in close consultation with Indian tribes and authorizing committees in Congress, new ideas for consolidating or managing highly fractionated Indian lands for the most possible benefit for tribes and individual Indian lands owners, at minimal cost to taxpayers.

Economic Development. The Committee is concerned that previously, the Department has displayed less interest in conventional energy resource leasing on Indian lands than on noncompetitive renewable energy development. Indian Country plays a key role in an all-of-the-above energy approach. Native lands hold an estimated ten percent of the Nation's untapped energy resources and provide over one billion to tribes annually. Given growing federal budget deficits, scarce resources should be steered toward conventional energy development on Native

lands as U.S. infrastructure to deliver these forms of power is highly developed already and these forms of energy are the most cost-competitive and marketable.

The Committee is hopeful that the new Administration will do more to address the current federal regulatory scheme that obstructs tribes from fully realizing the huge economic potential of their trust assets.

Tribal Healthcare. The Committee is very concerned about the current management structure and quality of care provided by the Indian Health Service. Despite funding increases by Congress since 2009, reports from the U.S. Government Accountability Office (GAO) continue to reveal that standards for the quality of care in federally operated facilities are absent. Additionally, the dangerous situation in the Great Plains Area and the staffing shortage problem throughout the twelve IHS areas continue to exist if not worsen. Increased scrutiny should be given in the increased authorization and appropriation of funds for the Indian Health Service.

The Committee is hopeful the new Administration will work with the Congressional authorizing Committees to address the ongoing issues within the Indian Health Service.

Bureau of Land Management (BLM)

Multiple Use Mandate. Setting budget priorities that promote sound, multiple-use management of BLM lands will significantly contribute to the following goals: increased energy and resource security, sustainable livestock grazing, ample opportunities for outdoor recreational activities, job creation, economic growth, reduced deficit spending, and increased national security.

The BLM under the prior administration often succumbed to outside pressure to convert its traditional multiple-use mandate into one focused solely on preservation, a mission better aligned with the National Park Service. The Committee encourages the Trump Administration to appropriately return the BLM to promotion of the multiple use mandate provided for under the Federal Lands Policy and Management Act.

BLM Planning 2.0. In addition, BLM continues to revamp its planning processes with a greater emphasis on landscape-level analysis. In theory, this broad, landscape level planning can provide a number of practical benefits to the future management of large swaths of federal land in the West. In practice, however, BLM is using landscape level planning as a means to lock up more land from multiple-use access while inventing more and more duplicative layers of bureaucracy. Because smaller multiple-use projects may be considered in the context of landscape level analysis, the planning process often slows project review and approval, or worse, disincentivizes projects from being initiated in the first place. The previous administration's initiative to encourage planning on a landscape scale, "Planning 2.0," constitutes yet another D.C.-driven mechanism to consider landscape-level planning far beyond the scope of a planning area, a district office, or a field office. The House has already acted to repeal this harmful regulation through the use of the Congressional Review Act in the first session of the 115th Congress.

Acquiring Additional Federal Lands. BLM squeezes important existing needs to quench its thirst for more federal lands. BLM needs to provide balanced management of the 247.3 million surface

acres and 700 million subsurface acres already in its care. With the agency's current fiscal challenges managing its existing surface and mineral estate, BLM must forego land expansion. Throughout the West, BLM ownership and policies should not be an obstacle to the growth and prosperity of neighboring communities whose viability depends on responsible access to existing federal land. The Committee recommends that BLM create a searchable online database on its website of all lands that have been identified for disposal. This should include a full accounting and update of lands identified by the BLM for disposal. Presently, the agency does not have this information updated or organized. The Committee notes that lands identified for disposal do not typically contain the presence of endangered or threatened species, cultural or historic resources, mining claims, mineral leases, rights-of-way, or grazing permits. Further, lands are identified that may have recreation and public purpose use to the local community including public schools, fire stations and other public needs.

Greater Sage Grouse. The Committee remains concerned about BLM's Greater Sage Grouse conservation plans, which were finalized in September 2015, in contradiction to Congressional, state, and other stakeholder input. Those plans lack data transparency, fail to adequately credit ongoing state and local activities, contradict science, and further conflict with the BLM's multiple-use mandate. Chairman Bishop has introduced a bill in the 115th Congress to address this problem.

Impacts of Litigation, Taxpayer-Funded Attorney Fees, Federal Grants and Contracts. While multiple, time-consuming lawsuits and threats of litigation continue to delay and halt energy and mineral production, grazing, and other activities on federal lands, the BLM has taken no legitimate steps to prevent or minimize these burdensome lawsuits which require significant federal resources to manage. In addition, lengthy permitting timelines for nearly any activity on federal lands is in part due to the federal agencies' efforts to try and create a litigation-proof document. This slows down the planning process, creates regulatory uncertainty, and can alter the scope and nature of multiple-use projects to the point where they become uneconomic or impractical. Currently, some litigious groups that sue the federal government are perversely benefitting from excessive taxpayer-funded attorney fees, federal grants and contracts.

To prevent unnecessary delays and costs caused by excessive litigation, the Committee will review opportunities to restrict payment of federal funds to groups that sue agencies within the Committee's jurisdiction, including the Department of the Interior and its sub-agencies, the National Oceanic and Atmospheric Administration, the U.S. Forest Service, or the Council on Environmental Quality. Furthermore, the Committee intends to review and examine federal grants and contracts within its jurisdiction that may be duplicative, and consolidate and streamline such grants and contracts to reduce government abuse and waste.

Valuation for Royalties. The Office of Natural Resources Revenue (ONRR), the accounting arm of the Department of the Interior, proposed regulations on January 6, 2015 to change the valuation for royalty purposes of oil, gas, and coal produced from federal onshore and offshore leases. These proposed changes were finalized July 1, 2016. The updated rules inject uncertainty into the valuation of our nation's produced resources and result in a tax on electricity produced from coal. On February 13, 2017, Rep. Tipton and Rep. Scalise introduced a resolution of disapproval under the CRA to address the ONRR proposal. The Committee

supports passage of this resolution, and applauds the Trump administration's efforts to withdraw this damaging Obama administration rule.

Onshore Orders. The BLM finalized the updates to Onshore Orders 3, 4, and 5. These finalized regulations will drive production away from federal lands, and are retroactive in effect. The Committee will seek to work with the BLM to address these finalized rules, and ensure the harmful regulatory consequences of the prior administration are minimized. In the interim, the Committee encourages the withholding of funds from the enforcement of these rewritten orders.

Federal Coal Leasing Program and Social Cost of Carbon. On January 15, 2016, then-Secretary Jewell issued a Secretarial Order that initiated a Programmatic Environmental Impact Statement (PEIS) on the Federal Coal Leasing program and announced a moratorium on new coal leases until the PEIS was completed. The new PEIS sought to include impacts on climate change and the "social cost of carbon." The Committee would encourage a change in the scoping for the PEIS and corresponding revocation of the moratorium on new leases.

The Obama administration's White House Council on Environmental Quality's (CEQ) finalized guidance on the "social cost of carbon" in August 2016. This guidance established a proxy for analyzing impacts on the environment, requiring agencies to consider federal actions' effects on greenhouse gas (GHG) emissions. The guidance appears to contradict CEQ's own regulations and will lead to confusion, increased costs and litigation, and longer delays to potentially any economic activity connected with a federal National Environmental Policy Act review. Given its arbitrary nature, sweeping scope and the agencies' uncertainty in fulfilling these requirements within existing statutory authorities, the Committee encourages the administration to withdraw the guidance.

Federal Helium Program. With the impending closure of the Amarillo helium facility in 2021, the Committee encourages the BLM to develop solutions to promoting the development and production of helium on federal lands. Such promotion will increase revenues to the federal government and ensure access to this vital resource for the nation's defense and medical fields.

Wild Horses and Burros. The rapidly increasing budget for the Wild Horses and Burros program, without any measurable improvement to the status of the animals or the habitat in which they occupy, is also of concern to the Committee. We continue to favor a critical re-examination of the program with the goal of maintaining a sustainable population of wild horses and burros compatible with the carrying capacity of the land and reality of budget constraints.

Mining Law Administration. Claim Location and Maintenance fees were adjusted according to the Consumer Price Index for the FY-2014 – 2018 assessment years, increasing from \$34 to \$37 and \$140 to \$155 per claim. The increase in fees combined with lower metal prices and long permitting timelines for mineral exploration and mine permitting projects (7-10 years or longer) resulted in a loss of 48,867 mining claims and a reduction in revenue of \$8.3 million dollars between FY-2013 and FY-2014. The fees are used as off-setting receipts for "Mining Law Administration."

The U.S. currently receives between 7.5 and 8.0 percent of the world-wide mineral exploration budget, down from 20 percent in the early 1990s. Over time the U.S. has become increasingly dependent on foreign sources of mined materials essential to our national and economic security. Twenty-five years ago, the United States was dependent on foreign sources for 30 non-fuel mineral materials, six of which were entirely imported to meet the nation's requirements and another 16 of which were imported to meet more than 60 percent of the nation's needs. By 2016, the U.S. import dependence for non-fuel mineral materials more than doubled from 30 to 62 commodities -- 20 commodities were imported entirely to meet the nation's requirements, and another 31 commodities required imports of more than 50 percent.

The Committee will review legislation recently introduced that seeks to alleviate this disparity by providing an accelerated permitting timeline for mining projects which produce minerals deemed critical to the nation. CBO has concluded that enacting the bill would not affect revenues.

Bureau of Ocean Energy Management, Bureau of Safety and Environmental Enforcement

Decline of Offshore Oil and Gas Production. In 2008, the Office of Natural Resources Revenue reported revenue generated by offshore energy production at over \$18.0 billion. Since then, that number has fallen dramatically, with only \$2.8 billion in revenue generated in 2016. The Committee encourages the new administration to take advantage of the nation's offshore resources, and to recognize the defined objectives of the Outer Continental Shelf Lands Act, which designates the Outer Continental Shelf as a vital national resource that should be made available for development. Unfortunately, during the last five years of the previous administration, the amount of leased acreage has fallen by half, from 35.5 million to 17.4 million.

Well Control Rule. The Committee still has serious concerns about the regulatory uncertainty imposed upon existing leased acreage in the Gulf, including the overly prescriptive provisions of the finalized well control rule.

Arctic Oil and Gas Leasing. In the Arctic, the Arctic rule has imposed new restrictions on any federal offshore energy exploration and production in Alaska program areas, while failing to address many important Arctic drilling issues raised in a report issued last year by the National Petroleum Council. As a result, Shell announced that they would be ceasing further exploration activity in offshore Alaska, casting doubt on future investments from other Arctic offshore leaseholders for development in that area. The Committee supports efforts to reverse the damage done to the offshore industry, so that it can thrive in the Arctic and elsewhere.

Seismic Permitting Process. Uncertainty in the offshore seismic permitting process has also been a significant obstacle for companies awaiting geological and geophysical permits from the Bureau of Ocean Energy Management and the National Oceanic and Atmospheric Administration. This important scientific research must be conducted prior to any leasing in the Atlantic, as the new regulations guiding these endeavors go well beyond the practices already utilized safely in the Gulf of Mexico.

In order to draw a realistic roadmap to a sustainable energy future for our nation, taking into full account our current and predicted fossil fuels needs, we cannot ignore that our nation's Outer

Continental Shelf remains a vital source of domestic oil and gas production. Additionally, advancing policies that would reverse the overall offshore production declines would help our nation retain its competitive edge in a world where countries like Russia, China, Canada, and Australia are all aggressively pursuing their own offshore energy resources. The Committee would like to see the budget for BOEM and BSEE reflect our nation's energy needs and demonstrate a commitment to a more rigorous offshore leasing program and dedicate more resources to ensuring a safe but streamlined offshore permitting approach.

Offshore Withdrawals. As a departing blow to the offshore industry, the former administration sought to remove millions of acres in the Arctic and Atlantic Oceans from any future energy production. The Committee supports efforts to amend this withdrawal, and ensure the security of our nation's energy supply for generations and much needed revenues.

Bureau of Reclamation (Reclamation)

The Bureau of Reclamation's dams, reservoirs and conveyance systems provide water, emissions-free hydropower and numerous other benefits to rural and urban communities in the western United States. Irrigation water provided by the agency also provides a vital resource for national and international food supplies.

Even though the vast majority of Reclamation's facilities were built over fifty years ago, these federal water and power supply projects continue to be vital components of our nation's infrastructure. Some water and power users are concerned that Reclamation has abandoned its focus of building new water storage facilities to one that is more focused on conserving and managing existing water supplies. The Committee will examine a variety of approaches to address the rehabilitation needs of our existing water infrastructure, while also looking at ways to incentivize the development of new water and power supplies. The Committee will also focus on how the executive branch plans to implement water storage, water recycling, desalination, California water operations and other provisions enacted in P.L. 114-322, also known as the WIIN Act. It also plans to examine the agency's grants over the last decade to ascertain their effectiveness.

U.S. Fish and Wildlife Service (FWS)

The Committee recognizes FWS's acknowledgment that it must better communicate with states, tribes and localities when it comes to current and future operations of the National Fish Hatchery System. The Committee will continue to oversee federal fish hatcheries over the course of the next fiscal year.

The Committee will examine FWS programs aimed at "fish passage improvements" so that such projects do not have the unintended consequence of imposing costly conditions on federal and non-federal dams.

The Committee will also examine real and potential trade barriers within FWS inspection programs that specifically put an undue burden on the exportation of domestically harvested seafood.

National Park Service (NPS)

On August 25, 2016, the National Park Service celebrated its 100th anniversary. The Committee viewed the Centennial as a unique opportunity to work with NPS to reevaluate its spending priorities and commit to finding areas of waste within their budget. Despite passage of the National Park Service Centennial Act (P.L. 114-289), the Committee continues to be concerned that NPS could divert funds away from the critical needs of the existing majestic and historic park units and into projects that do not further the NPS' central mission of serving visitors and preserving these parks for future generations to enjoy. The Centennial Challenge Fund formally established at the Treasury through the passage of the NPS Centennial Act will help to attract private donations for important deferred maintenance projects. Although the fund will receive several million dollars in revenue from the increase in the price of the America the Beautiful senior pass, supplemental discretionary funding that will be matched on a \$1:\$1 federal to private basis would be valuable.

Deferred Maintenance Backlog. NPS estimates its deferred maintenance backlog sits at nearly \$12 billion. After years of expanding budgets and \$750 million in supplemental funding from the 2008 stimulus, NPS has little to show in terms of increased public use and enjoyment of parks or reduction in the maintenance backlog. The Committee notes that the operations (ONPS) portion of the NPS budget continues to increase, while the construction portion of the budget (tied to the reduction of the deferred maintenance backlog) has decreased. This leads us to conclude that complaints of inadequate park funding may have more to do with management priorities than actual funding levels.

Land Acquisition. With our national debt exceeding \$19 trillion, the NPS facing a deferred maintenance backlog of \$12 billion and increasing catastrophic wildfires costing billions of dollars on existing federally-owned lands, the Committee does not support acquiring additional lands until basic responsibilities are met on the 80 million acres managed by the NPS. These funds would be better directed toward maintenance projects addressing aging and neglected infrastructure. Additionally, President Obama's unilateral creation of new park units has only put us further behind in the effort to adequately maintain the system. After President Obama's unprecedented abuse of the Antiquities Act, the Committee will work with the Trump Administration to identify previously declared monuments that are suitable to be rescinded or diminished in size.

Office of Insular Affairs (OIA)

OIA's budget falls under two categories – Current Discretionary/Mandatory spending and Permanent Mandatory appropriations. The majority of OIA's budget is made up of Permanent Mandatory commitments to U.S.-affiliated insular areas. These territories include Guam, American Samoa, the U.S. Virgin Islands, the Commonwealth of the Northern Marianas Islands, and also the Freely Associated States which include: the Federated States of Micronesia, Republic of the Marshall Islands, and the Republic of Palau.

The U.S.-Palau Compact Agreement is an example of a Permanent Mandatory commitment. The Compact expired in 2009, with a new agreement signed between the two nations in September 2010 which calls for a total aid package of \$250 million through 2024. Annual funding extensions for the Compact have been included in subsequent appropriation bills; however, implementing legislation for the renegotiated Compact has languished due to the lack of an offset. The Obama Administration put this burden on the Department of the Interior, despite the fact that the terms of the Compact also effect the Department of State and the Department of Defense. The Committee supports the revised Compact and would urge the Trump Administration to work with the Committees of jurisdiction in the House by providing a viable offset for the renegotiated Compact.

The small portion of OIA's budget that is Discretionary (FY17: \$74.9 million compared to \$550 million for Permanent Mandatory) includes OIA grant programs and technical assistance for the territories as well as the cost of American Samoa Government Operations. The Committee supports the competitive measures for certain grant programs to support and develop territorial governments that use prudent financial management practices. The Committee also supports ongoing efforts by OIA to institute measures to effectively monitor its grants and other funding programs to ensure federal funds are being used efficiently and effectively in the insular areas.

Office of Surface Mining, Reclamation, and Enforcement (OSM)

Nitrous Oxide Emissions. OSM's proposal to create rules on the emissions of nitrogen oxides from blasting activities is of significant concern. This rulemaking process was instigated by a petition from a litigious environmental group and has received overwhelming oppositional comments from industry and technical experts. If OSM yields to the demands of the environmental petition, the new rule could have substantial consequences for surface coal mining across the nation.

Training of Mining Engineers. The Committee also has concerns about OSM's failure to fulfill an original intent of The Surface Mining Control and Reclamation Act. As mandated in its statement of purpose, OSM is: "[to] stimulate, sponsor, provide for and/or supplement present programs for the conduct of research investigations, experiments, and demonstrations, in the exploration, extraction, processing, development, and production of minerals and the training of mineral engineers and scientists in the field of mining, minerals resources, and technology, and the establishment of an appropriate research and training center in various States".

- OSM has a research grant program but few resources are distributed to mining schools.
- The program has received less than \$2 million per year when appropriated.
- Only 1 of 15 current projects is conducted at a mining engineering program.
- Of the 64 projects awarded over the past ten years, only seven were awarded to four faculty members at mining engineering programs.

The Committee feels OSM should provide more support to mining schools through its National Technology Transfer Team Applied Science Program. The Committee continues to support legislation introduced and passed out of committee last Congress by unanimous consent that

directs OSM to distribute 70% of their research grants toward mining engineering university programs. As reported out of committee it would have no effect on federal budget.

Abandoned Mine Funds Priorities. The Committee opposed the Obama administration's proposed legislative changes included in the FY-2016 Budget to take a billion dollars of unappropriated Abandoned Mine funds to plant orchards on reclaimed coal mines. Mirroring this proposal, the RECLAIM Act was introduced in the 114th Congress. This bill underwent substantial alteration based on stakeholder feedback and the Committee expects this to continue to be an issue in the 115th Congress.

Self-Bonding. OSM has revisited the manner in which coal companies may offer financial assurance for the reclamation work they will conduct post-mining through a formal rule rewrite process. The Committee has concerns with this in light of EPA's CERCLA level bonding rule that was recently published as a draft rule. These two sub-industries will have to compete in the same financial surety market place and each rule has not contemplated the others effect on this marketplace. Changing the rules for these companies mid-game will have the effect of diminishing revenues to the federal government and the Abandoned Mine Lands fund, while instigating another round of abandoned coal mines.

Payments In Lieu of Taxes (PILT)

The previous Administration emphasized policies to expand the federal estate as opposed to meeting federal obligations and the active management and use of federal lands to benefit local communities and counties nationwide. The Committee strongly believes that the new Administration and Congress must work together to reestablish the multiple use sustained yield mandate that once provided revenue and economic vitality to communities with public lands. In the meantime, Congress must continue to fully fund the Payment In Lieu of Taxes program. It is time to reconsider how the federal government can be more responsive to the needs of the nation's counties and provide for them a greater say over how these lands in their backyards are managed.

Department of Commerce

National Oceanic and Atmospheric Administration (NOAA)

Some fishing communities are concerned that NOAA's annual proposals have generally focused too much on satellites, atmospheric, and regulatory programs, while at the same time failing to produce adequate data and science important to the sustainability of commercial and recreational fisheries in each of the nation's coastal regions. The Committee will examine NOAA's funding priorities and work with the agency to ensure adequate resources are directed towards the science and management of the 469 federally-managed fish stocks, as well as other marine mammals and other species.

Adequate Science Necessary for Management Decisions. Fishery surveys and other basic fisheries research, in addition to stock assessments, have been inadequately factored into

NOAA's annual budget requests. The result: use of outdated or inadequate data, more regulations, rules, and closures, and ultimately, loss of jobs and severe economic impacts to coastal communities. Better data and stock assessments are necessary for the sustainable management of fishery resources that provide the economic underpinning of many of the nation's coastal communities.

Marine Protected Areas (MPA). Over the past few years, NOAA has greatly increased its MPA footprint through expansions or new designations of Marine National Monuments and Marine Sanctuaries without first securing from Congress adequate resources to manage the additional acreage or providing adequate science to support such expansions or designations. The Committee will examine if NOAA's system of MPAs has become too large to manage. The Committee will also examine the existing system of MPAs to see if those in state or territorial waters would be best managed by the applicable state or territory.

Department of Agriculture

U.S. Forest Service (USFS)

Wildfires and Forest Health. The health of the National Forest System (NFS) continues to decline. In testimony before the Committee last Congress, the USFS acknowledged that almost 60,000,000 acres of National Forest System land are in urgent need of treatment to reduce the risk of catastrophic wildfire, the spread of invasive species, and threats to watershed health. The poor health of the NFS has many adverse effects on rural communities, whether it is the closure of sawmills due to a lack of proper timber management of the NFS or poor water quality due to runoff caused by catastrophic wildfires.

The USFS, the lead federal lands agency in combatting wildfire, reported that more than 10.1 million acres of land burned in 2015 and 7.4 million acres in 2016. The agency spent more than \$2.6 billion in wildfire suppression efforts in 2015 forcing the Forest Service to transfer \$700 million from other accounts, which in turn delayed much-needed restoration work. The Committee believes that catastrophic wildfires must be treated like any other natural disaster. Expecting the Forest Service to pay for these large mega-fires out of its discretionary budget is unworkable and unrealistic. Worse, funding that should be used to prevent fires is instead used to fight fires. Each year, this problem grows and less and less of the Forest Service's discretionary budget is dedicated towards actively managing our national forests. This must be addressed or rural areas with national forests will continue to decline and be plagued by catastrophic wildfire, floods and economic stagnation.

In the 114th Congress, the House passed HR 2647, the Resilient Federal Forests Act, which addressed these issues. The bill provided the USFS with additional tools to increase the pace of restoration activities necessary to restore the health of the NFS. Additionally, the bill included language that allowed the USFS to access the FEMA Disaster Relief Fund to eliminate the funding transfers that are necessary when all appropriated funds for wildfire suppression are exhausted. The Committee plans to reintroduce and pass legislation again to address these issues to improve the health of our NFS. As the Budget Committee looks at disasters and wildfires, we ask that it works closely with the Committee to find a solution to the fire funding problem. If

this problem is not solved in short order, the Forest Service will be unable to manage anything but wildfires and forested communities will continue to decline.

Land Acquisition. Given this backdrop and the lack of active management on forest lands within the agency's existing responsibility, the Committee does not support acquiring additional lands until basic stewardship responsibilities are met on the 193 million acres managed by the USFS.

Litigation Costs. The Committee is concerned that litigation adversely affects the ability of the USFS to properly manage its land. Last Congress, the Committee heard testimony from a panel of experts about how needless litigation and the fear of litigation causes the USFS to avoid engaging in necessary stewardship activities. To this end, the Committee recommends eliminating funds that would otherwise go to well-funded and litigious groups in the form of Equal Access to Justice Act payments and restrict litigious groups from receiving federal grants and contracts from federal agencies that they sue.

The Committee is concerned that USFS, faced with serious threats to forest health from fires, beetle infestations, and the demise of significant local wood products based employment is not properly addressing the challenges facing rural America. If properly managed, after years of neglect, our national forests can contribute to our national well-being, while providing economic opportunities that flow to surrounding communities and keep the forests healthy and productive.

Department of Energy

The Power Marketing Administrations

The four Power Marketing Administrations (PMAs) core missions are to deliver hydropower generated at federal dams to wholesale power customers at the lowest cost consistent with sound business principles. The Committee notes that some ratepayers have expressed concerns over the Western Area Power Administration's perceived lack of transparency in regarding the prioritization and accounting of ratepayer funds. Since these agencies are largely ratepayer-financed, the Committee will closely monitor the PMAs activities to ensure that ratepayers will not bear any undue costs over this and coming fiscal years.