

**The original documents are located in Box 4, folder “Coastal Zone Management Act” of the Loen and Leppert Files at the Gerald R. Ford Presidential Library.**

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10-6-75

Memo to file

From: Charles Leppert Jr.

Met today with Rep's Kupper & Treen on Coastal Zone Management Act Amendments & Treen proposal to obtain Administration approval of an impact act provision.

The meeting came to no resolution & both Mitchell (OAS) & Hughes (DOZ) explained the Administration position in trying to work out an overall approach which Kupper & Treen liked & then explained that I started with the bill in the Ad Hoc OCS Committee & the Coastal Zone Management Amendments bill. Leppert suggested to Mitchell that Treen be given a drafting service for his problem.



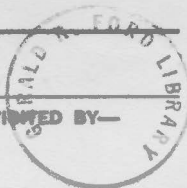
MEMORANDUM  
OF CALL

TO:

*Neta*

YOU WERE CALLED BY—

YOU WERE VISITED BY—



*Fran*

OF (Organization)

*Mr. Mitchell's office*

PLEASE CALL →

PHONE NO. *3184*  
CODE/EXT.

WILL CALL AGAIN

IS WAITING TO SEE YOU

RETURNED YOUR CALL

WISHES AN APPOINTMENT

MESSAGE

*Mr. Mitchell suggests the following  
be invited to the meeting Monday.*

*Roy Hughes - Interior*

*Eric Squener or John Hill - FEA*

*Sam Guthill - Commerce (Bill Horn)*

*Mike Davol*

*Bruce Pasternak*

RECEIVED BY

DATE

*10/3*

TIME

*6:45*

*nd*

STANDARD FORM 63

REVISED AUGUST 1967

GSA FPMR (41 CFR) 101-11.6

GPO : 1969-049-16-80341-1 332-389

63-108

10-1-75

Nota:

Please call Rep's Treen  
& Ruppe to see what time &  
place they both can meet with  
Joni Mitchell of OMB & others  
from the Administration & on  
Friday 10-3-75 or Monday  
10-6-75.

x 395  
3184  
Fran  
will advise  
participants

Once Ruppe & Treen find you  
the date time & place call Joni  
Mitchell & tell her & to have her  
people there. Let me know of the  
date, time & place of the meeting.

TR  
Chas.

Marihelen  
~~Henry Hill~~ Horneman = Treen  
Monday

x 4031  
1:00 - 1:30



Ruppe - Kathleen x 4735  
Monday  
203 Cannon =  
has lunch 11:45 hr  
1-1:30 open 2-2:30 open aft. 4 pm

RED TAG

October 2, 1975

**MEMORANDUM FOR:**

**JIM MITCHELL**

**THRU:**

**MAX L. FRIEDERSDORF  
VERN LOEN**

**FROM:**

**CHARLES LEPPERT, JR.**

**SUBJECT:**

**Coastal Zone Management Act  
Amendments**

Attached is a copy of H. R. 3981, the bill the Subcommittee on Oceanography of the House Merchant Marine and Fisheries Committee will begin marking up on Thursday, October 2.

I am trying to set up a meeting with Representative Ruppe and Treen as Dave Treen has requested. As soon as I have the date, time and place I will be in touch with you or my secretary will notify you of the date, time and place.

**Attachment**



Coastal Zone Mgmt



THE WHITE HOUSE  
WASHINGTON

Re: 10-8-75

This attached was  
taken up on the Mtg.  
w/ Rupp + Treese on  
10-6-75. OMB trying  
to get another meeting  
together w/ all Minority  
Mems of Cmte. R  
Clear

Charlie --

Called Geo. Humphreys office about the letter from Repr. of the Comte on Merchant Marine and Fisheries re coastal zone management legislation.

Humphreys' office said that they would have an answer from the Agency the beginning of next wk. I called Wayne Smith and told him this and he laughed.

He said that some of the Congressmen - namely Murphy, Mosher, Forsythe and Ruppe have been trying at various times to get the info from Interior and Commerce. Neither Agency has gotten back to them with any info.

When Sec. Morton was before the Comte the Comte asked him what position the Admin. was taking on this and he said he would find out and get back to them --- and he hasn't.

Smith said this a major energy matter and they would like to know what is wanted prior to their making any decisions so we can work together to put out legislation acceptable to both sides but they are not getting any cooperation from us.

Yesterday, Sec. Morton, for the first time, had some people in his office in an attempt to review the issues and come to some decision.

Smith said that they want to avoid a veto up there and would welcome some info now so we could resolve differences and come up with something acceptable.

Neta  
9/19/75



MEMORANDUM  
OF CALL

TO:

*C.C.*

*Geo Humphreys  
waiting for agency. Shd  
be in next week*

YOU WERE CALLED BY—

YOU WERE VISITED BY

*William Smith*

OF (Organization)

*House Merchant Marine*

PLEASE CALL →

PHONE NO.  
CODE/EXT.

*225-3347*

WILL CALL AGAIN

IS WAITING TO SEE YOU

RETURNED YOUR CALL

WISHES AN APPOINTMENT

MESSAGE

*see memo markup 9/29/75*

*Re: Environmental Matters  
Ltr 9/8/1 to find out position  
by Coastal Zone Mgmt Organization*

*Christie Valentine*

RECEIVED BY

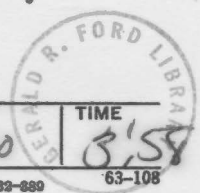
*G.*

DATE

*9-10*

TIME

*3:58*



STANDARD FORM 63

REVISED AUGUST 1967

GSA FPMR (41 CFR) 101-11.6

GPO : 1969-O-48-16-80241-1 382-889

63-108



August 5, 1975

Dear Chuck:

Thank you for the August 1 letter to the President in which you joined with other Minority Members of the Committee on Merchant Marine and Fisheries to outline the status of coastal zone management legislation.

We have noted your request for consultations with the Administration prior to the mark-up schedule for early September. I wish to assure you that I shall call your letter to the President's attention at the earliest opportunity. In addition, copies will be shared with the appropriate members of the staff.

With kindest regards,

Sincerely,

Vernon C. Loen  
Deputy Assistant  
to the President



The Honorable Charles A. Mosher  
House of Representatives  
Washington, D.C. 20515

VCL:EF:VO:rg

bcc: w/incoming to James Cannon for further action.  
bcc: w/incoming to Alan Kranowitz, OMB, for your information.

*Pat McKee*  
*Jen* x6515

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 MATTHEW J. RINALDO, N.J.  
 DAVID F. EMERY, MAINE

U.S. House of Representatives  
 Committee on  
 Merchant Marine and Fisheries  
 Room 1334, Longworth House Office Building  
 Washington, D.C. 20515

CHIEF CLERK

FRANCES STILL

MINORITY COUNSEL

RICHARD M. SHA

August 1, 1975.

The Honorable Gerald R. Ford,  
 President of the United States,  
 The White House,  
 Washington, D. C.

Dear Mr. President:

As you are aware, the House is presently considering coastal zone management legislation before the Committee on Merchant Marine and Fisheries.

H.R. 3981, 1776, 4300, 6090 et al. contain amendments to the Coastal Zone Management Act of 1972, which are designed to enable the coastal states to plan for and accommodate expanded oil and gas operations. This type of measure could also demonstrate to the states the federal government's appreciation of the significant problems they will have to face as a result of Outer Continental Shelf resource development and provide financial assistance to help mitigate resultant impacts.

Since the measures before us are energy-related, we believe that they deserve special consideration as a part of your efforts to make the United States less dependent on foreign sources of crude oil. While some of these coastal zone bills would result in significant federal expenditures, they could also satisfy the State's concerns so that an accelerated leasing program can go forward.



*Re Coastal Zone Management*

*MF*

The revenues accruing from these lease sales, as well as the royalties from oil and gas production, could match these expenditures many times over.

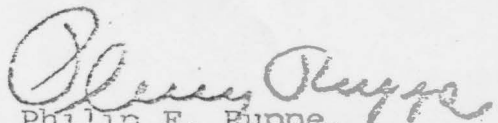
A number of us believe that this type of legislation or an acceptable alternative plan is needed to properly address the many problems facing our coastal states. Our nation cannot afford to further delay our energy development program.

We seek your assistance in accomplishing this objective. We urge you to formulate a decisive and constructive position on these bills at this time, or to present your desired alternatives, so that we can work together in developing a satisfactory solution to the present delays in developing our potential OCS resources.

Now that the Senate has passed S. 586, the burden is on us to develop a feasible plan to deal with the oil and gas development issue. Our Committee will be taking up these coastal zone matters in mark-up shortly after we reconvene in September. We have continually been told by your representatives that the entire subject of compensation to the coastal states is under consideration and that a decision would be forthcoming. The time is fast approaching when some hard and fast decisions must be made, and we are hopeful that you can offer your views to us prior to mid-September.

We would be pleased to meet with you or your staff to work out acceptable provisions of this legislation so that Congress and the Administration can go forward together to solve this vital national problem.

Sincerely,

  
Philip E. Ruppe,  
Ranking Minority Member,  
Committee on Merchant  
Marine and Fisheries.






Charles A. Mosher, M. C.



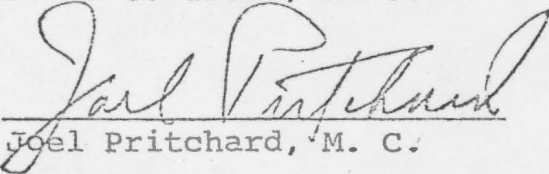
Edwin B. Forsythe, M. C.



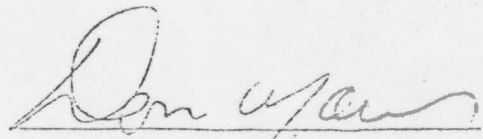
Pierre S. du Pont, M. C.



David C. Treen, M. C.



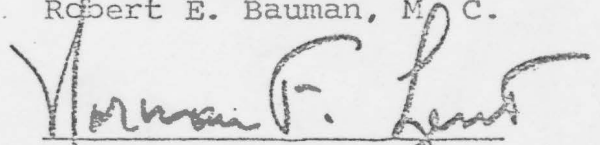
Joel Pritchard, M. C.



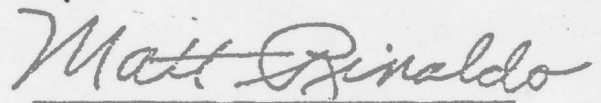
Don Young, M. C.



Robert E. Bauman, M. C.



Norman F. Lent, M. C.



Matthew J. Rinaldo, M. C.



**RED TAG**

**February 16, 1976**

**MEMORANDUM FOR:**

**JIM MITCHELL**

**THRU:**

**MAX L. FRIEDERSDORF  
VERN LOEN**

**FROM:**

**CHARLES LEPPERT, JR.**

**SUBJECT:**

**Coastal Zone Management Act  
Amendments**

**Attached is the substitute amendment offered by Representatives Murphy and duPont to the Coastal Zone Management Act which was adopted by the House Merchant Marine and Fisheries Committee.**

**I thought this may be of interest to you for our meeting with Representatives duPont and Treen on Wednesday, February 18, 1976 at 3 p.m. in Room 127 Cannon House Office Building.**

**Attachment**



JOHN M. MURPHY  
17TH NEW YORK

WASHINGTON OFFICE:  
SUITE 2187  
RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, D.C. 20515  
TELEPHONE: (202) 225-3371

STATEN ISLAND OFFICE:  
ROOM 107  
GENERAL POST OFFICE  
550 MANOR ROAD  
STATEN ISLAND, N.Y. 10314  
TELEPHONE: (212) 981-9800

**Congress of the United States**  
**House of Representatives**  
**Washington, D.C. 20515**

February 2, 1976

COMMITTEES:  
INTERSTATE AND FOREIGN  
COMMERCE  
MERCHANT MARINE AND  
FISHERIES

CHAIRMAN:  
SUBCOMMITTEE ON OCEANOGRAPHY

ADMINISTRATIVE ASSISTANTS:  
CHARLES F. BOYLE, SR.  
JANE H. NACKE  
RITA Y. RUSSO

MANHATTAN OFFICE:  
ROOM 1643  
26 FEDERAL PLAZA  
NEW YORK, NEW YORK 10007  
TELEPHONE: (212) 264-9335

TO: Members, Merchant Marine and Fisheries Committee

FROM: John M. Murphy and Pierre duPont

Attached is a slightly "revised" version of our substitute amendment to Section 308 of H.R. 3981. This is the amendment which will be considered at our mark-up session on February 4.

Essentially, the new version is simply a perfection of our earlier amendment and represents a tightening of language and logic. No major substantive changes have been made.

Because the substitute amendment will still be considered in toto on Wednesday, we have not incorporated the amendments to it which the Committee adopted on January 29. Consequently, the amendments proposed by Mr. Breaux to the definition of adjacency and to the authorization level of the OCS payments sections, which were approved by the Committee, do not appear in this new draft.

Amendments to our substitute amendment, which are to be considered by the Committee, will be coordinated with any new line or page numbers on the attached version.

(COMMITTEE PRINT)

February 2, 1976

94th Congress  
2nd Session

H.R. 3981

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IN THE HOUSE OF REPRESENTATIVES

February 2, 1976

Ordered to lie on the table and to be printed.

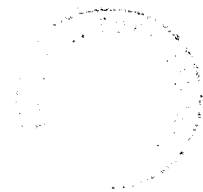
AMENDMENTS

Intended to be proposed by Mr. Murphy of New York and Mr. duPont to H.R. 3981 (Committee Print), a bill to amend the Coastal Zone Management Act of 1972 to authorize and assist the coastal States to study, plan for, manage, and control the impact of energy resource development and production which affects the coastal zone, and for other purposes, viz:

Insert on page 12, line 12, 'Outer Continental Shelf after "(j).

Add, after page 14, line 8, the following:

"(n) 'Net adverse impacts' means the consequences of a coastal energy activity which are determined by the Secretary to be economically or environmentally costly to a State's coastal zone or political subdivision thereof, when weighed against the benefits of a coastal energy activity which directly offset such costly consequences according to the criteria as determined in accordance with section 308 (c) of this title. Such impacts may include, but are not limited to --



"(1) rapid and significant population changes requiring expenditures for public facilities and public services which cannot be financed entirely through usual and reasonable means of generating State and local revenues, or through availability of Federal funds including those authorized by this title;

(2) unavoidable loss of unique or unusually valuable ecological or recreational resources when such loss cannot be replaced or restored through usual and reasonable means of generating State and local revenues, or through availability of Federal funds including those authorized by this title.

"(o) 'Coastal energy activity' means any of the following activities if it is carried out in, or has a significant effect on, the coastal zone of any State or States --

"(1) the exploration, development, production or transportation of oil and gas resources from the Outer Continental Shelf and the location, construction, expansion or operation of supporting equipment and facilities limited to exploratory rigs and vessels; production platforms; subsea completion systems; marine service and supply bases for rigs, drill ships and supply vessels; pipelines, pipe-laying vessels and pipe-line terminals, tanks receiving oil or gas from the Outer Continental Shelf for temporary storage; vessel loading docks and terminals used for the transportation of oil or gas from the Outer Continental Shelf; and other facilities or equipment made necessary by the foregoing or required for the removal of the foregoing when such other facilities or equipment are



determined by the State affected to have technical requirements which would make their location, construction, expansion, or operation in the coastal zone unavoidable;

"(2) the location, construction, expansion, or operation of vessel loading docks, terminals and storage facilities used for the transportation of liquefied natural gas, coal, or oil or of conversion or treatment facilities necessarily associated with the processing of liquefied natural gas; or

"(3) the location, construction, expansion, or operation of deepwater ports and directly associated facilities, as defined in P.L. 93-627."

Delete all of Section 308, page 20, line 20 thru page 27, line 5, and substitute in lieu thereof:

"COASTAL ENERGY ACTIVITY IMPACT PROGRAM

"Sec. 308 (a)(1) The Secretary shall make a payment for each fiscal year to each coastal State in an amount which bears to the amount appropriated for that fiscal year pursuant to paragraph (6) of this subsection the same ratio as the number representing the average of the following proportions (computed with regard to such State) bears to 100--

"(A) the proportion which the Outer Continental Shelf acreage which is adjacent to such State and which is leased by the Federal Government in that year bears to the total Outer Continental Shelf acreage which is leased by the Federal Government in that year;

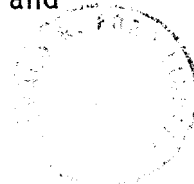


"(B) the proportion which the number of exploration and development wells adjacent to that State which are drilled in that year on Outer Continental Shelf acreage leased by the Federal Government bears to the total number of exploration and development wells drilled in that year on Outer Continental Shelf acreage leased by the Federal Government;

"(C) the proportion which the volume of oil and natural gas produced in that year from Outer Continental Shelf acreage which is adjacent to such State and which is leased by the Federal Government bears to the total volume of oil and natural gas produced in that year from Outer Continental Shelf lands under Federal lease in that year;

"(D) the proportion which the volume of oil and natural gas produced from Outer Continental Shelf acreage leased by the Federal Government and first landed in such State in that year bears to the total volume of oil and natural gas produced from all Outer Continental Shelf acreage leased by the Federal Government and first landed in the United States in that year;

"(E) the proportion which the number of individuals residing in such State in that year who are employed directly in Outer Continental Shelf energy activities by Outer Continental Shelf lessees and their contractors and subcontractors bears to the total number of individuals employed directly in Outer Continental Shelf energy activities in that year by Outer Continental Shelf lessees and their contractors and subcontractors; and



"(F) the proportion which the onshore capital investment which is made during that year in such State and which is required to directly support Outer Continental Shelf energy activities bears to the total of all such onshore capital investment made in all coastal States during that year.

"(2) For purposes of calculating the proportions set forth in paragraph (1) of this subsection acreage or an exploratory or development well located on the Outer Continental Shelf shall be deemed to be 'adjacent' to a coastal State if the acreage or well is closest to that State as determined by the measurement of a straight line drawn between the center point of the leased tract in which the acreage is located, or of the exploratory or development well, as the case may be, and the closest point to the tract or exploratory or development well on the baseline from which the territorial sea is measured.

"(3) The Secretary shall have the responsibility for the compilation, evaluation, and calculation of all relevant data required to determine the amount of the payments authorized by this subsection and may, by regulations promulgated in accordance with section 553 of title 5, United States Code, set forth the method by which collection of such data shall be made. In compiling and evaluating such data, the Secretary may require the assistance of any relevant Federal or State agency. In calculating the proportions set forth in paragraph (1) of this subsection, payments made for any fiscal year shall be based on data from the immediately preceding fiscal year. for purposes of calculating such proportions, data from the transitional quarter beginning July 1, 1976 and ending September 30, 1976, shall be

included in the data from the fiscal year ending June 30, 1976.

"(4) Each coastal State receiving payments under this subsection shall use the monies for the following purposes and in the following order of priority:

"(A) The retirement of State and local bonds, if any, which are guaranteed under section 319 of this title which were issued for projects or programs designed to reduce, ameliorate or compensate for adverse impacts resulting from Outer Continental Shelf energy activity; except that, if the amount of such payments is insufficient to retire both state and local bonds, priority shall be given to retiring local bonds;

"(B) The study of, planning for, development of, and the carrying out of projects or programs which are designed to provide new or additional public facilities or public services required as a direct result of Outer Continental Shelf energy activity.

"(C) The reduction or amelioration of any unavoidable loss of unique or unusually valuable ecological or recreational resources resulting from Outer Continental Shelf activity.

"(5) Monies provided to any coastal State under this subsection not expended or committed in accordance with the purposes authorized herein shall revert to the Treasury at the end of the fiscal year following the fiscal year in which they are disbursed. It shall be the responsibility of the Secretary to determine annually if such coastal state has expended or committed funds in accordance with the purposes

authorized herein by utilizing procedures pursuant to section 313 of this title.

"(6) For purposes of this subsection, there are hereby authorized to be appropriated funds not to exceed \$50,000,000 for the fiscal year ending September 30, 1977; \$50,000,000 for the fiscal year ending September 30, 1978; \$75,000,000 for the fiscal year ending September 30, 1979, \$100,000,000 for the fiscal year ending September 30, 1980; and \$125,000,000 for the fiscal year ending September 30, 1981.

"(7) It is the intent of Congress that each State receiving payments under this subsection shall, to the maximum extent practicable, allocate all or a portion of such payment to any local government thereof and that such allocation shall be on a basis which is proportional to the extent to which local governments require assistance for purposes as provided in paragraph (4) of this subsection. In addition, any coastal State may, for the purposes of carrying out the provisions of this subsection and with the approval of the Secretary, allocate all or a portion of any grant received under this subsection to (A) any areawide agency designated under section 204 of the Demonstration Cities and Metropolitan Development Act of 1966, (B) any regional agency, or (C) any interstate agency. No provision in this subsection shall relieve any State of the responsibility for insuring that any funds allocated to any local government or other agency shall be applied in furtherance of the purposes of this subsection.



"(b)(1) The Secretary may make grants to any coastal State if he determines that such State's coastal zone is being, or is likely to be, impacted by the location, construction, expansion or operation of energy facilities in, or which significantly affect its coastal zone. Such grants shall be for the purpose of enabling such coastal State to study and plan for the economic, social and environmental consequences which are resulting or are likely to result in its coastal zone from such energy facilities. The amount of any such grant may equal up to 80 percentum of the cost of such study or plan, to the extent of available funds.

"(2) The Secretary may make grants to any coastal State if he is satisfied, pursuant to regulations and criteria to be promulgated according to subsection (c) of this section, that such State's coastal zone has suffered, or will suffer, net adverse impacts from any coastal energy activity. Such grants shall be used for, and may equal up to 80 percentum of the cost of carrying out, projects, programs or other purposes which are designed to reduce or ameliorate any net adverse impacts resulting from coastal energy activity.

"(c) Within 180 days after the effective date of this section, the Secretary shall, by regulations promulgated in accordance with section 553 of title 5, United States Code, establish requirements for grant eligibility under subsection (b) of this section. Such regulations shall --

"(1) include appropriate criteria for determining the amount of a grant and the general range of studying and planning activities for which grants will be provided under subsection (b)(1) of this section.

"(2) specify the means and criteria by which the Secretary shall determine whether a State's coastal zone has, or will suffer net adverse impacts;

"(3) include criteria for calculating the amount of a grant under subsection (b)(2) of this section, which criteria shall include consideration of --

"(A) offsetting benefits to the State's coastal zone or a political subdivision thereof, including but not limited to increased revenues,

"(B) the State's overall efforts to reduce or ameliorate net adverse impacts, including but not limited to, the State's effort to ensure that persons whose coastal energy activity is directly responsible for net adverse impacts in the State's coastal zone are required, to the maximum extent practicable, to reduce or ameliorate such net adverse impacts,

"(C) the States consideration of alternative sites for the coastal energy activity which would minimize net adverse impacts; and

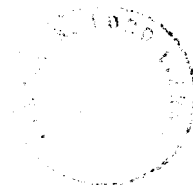
"(D) the availability of Federal funds pursuant to other statutes, regulations, and programs, and under subsection (a) of this section, which may be used in whole or in part to reduce or ameliorate net adverse impacts of coastal energy activity;



In developing regulations under this section, the Secretary shall consult with the appropriate Federal agencies, which upon request, shall assist the Secretary in the formulation of the regulations under this subsection on a non-reimbursable basis; with representatives of appropriate State and local governments; with commercial, industrial, and environmental organizations; with public and private groups; and with any other appropriate organizations and persons with knowledge or concerns regarding adverse impacts and benefits that may affect the coastal zone.

"(d) All funds appropriated to carry out the purposes of subsection (b) of this section shall be deposited in a fund which shall be known as the Coastal Energy Activity Impact Fund. - The fund shall be administered and used by the Secretary as a revolving fund for carrying out such purposes. General expenses of administering this section, may be charged to the fund. Monies in the fund may be deposited in interest-bearing accounts or invested in bonds or other obligations which are guaranteed as to principal and interest to the United States.

"(e) There are hereby authorized to be appropriated to the Coastal Energy Activity Impact Fund such sums not to exceed \$125,000,000 for the fiscal year ending September 30, 1977, and for each of the next four succeeding fiscal years, as may be necessary, which shall remain available until expended.





"(f) It is the intent of Congress that each State receiving any grant under paragraph (1) or (2) of subsection (b) of this section shall, to the maximum extent practicable, allocate all or a portion of such grant to any local government thereof which has suffered or may suffer net adverse impacts resulting from coastal energy activities and such allocation shall be on a basis which is proportional to the extent of such net adverse impact. In addition, any coastal State may, for the purpose of carrying out the provisions of subsection (b) of this section, with the approval of the Secretary, allocate all or a portion of any grant received to (1) any areawide agency designated under section 204 of the Demonstration Cities and Metropolitan Development Act of 1966, (2) any regional agency, or (3) any interstate agency. No provision in subsection (b) of this section shall relieve a State of the responsibility for insuring that any funds so allocated to any local government or any other agency shall be applied in furtherance of the purposes of such subsection.

"(g) No coastal State is eligible to receive any payment under subsection (a) of this section, or any grant under subsection (b) of this section unless such State ---

"(1) is receiving a program development grant under section 305 of this title or is engaged in such program development in a manner consistent with the goals and objectives of this title, as determined by the Secretary, and is making satisfactory progress, as determined by the Secretary, toward the development of a coastal zone management program, or has such a program approved pursuant to section 306 of this title; and



"(2) has demonstrated to the satisfaction of, and has provided adequate assurances to, the Secretary that the proceeds of any such payment or grant will be used in a manner consistent with the coastal zone management program being developed by it, or with its approved program, consistent with the goals and objectives of this title.

Delete page 33, line 10 thru 15 and substitute in lieu thereof:

"(1) the sum of \$24,000,000 for the fiscal year ending June 30, 1976, \$6,000,000 for the transitional fiscal quarter ending September 30, 1976, and \$24,000,000 for each of the three succeeding fiscal years, for grants under section 305 of this title to remain available until expended;"

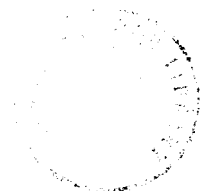
On page 36, line 12, delete the word "net"; add the words "Outer Continental Shelf" after the word "an"; add a period after the word "activity"; and delete the word "regardless".

On page 36, delete all of lines 13 and 14.

On page 37, line 20, delete "(c)" and substitute in lieu thereof "(a)".

On page 38, line 2, delete "(c)" and substitute in lieu thereof "(a)".

On page 38, line 7, delete "(c)" and substitute in lieu thereof "(a)".



(15)

Amendment to H.R. 3981,  
As shown in Committee Print #2

Offered by Mr. Dingell

Page 36, strike out line 1 and all that follows through line 10 on page 38, and insert in lieu thereof the following:

"State and Local Government Bond Guarantees

"Sec. 319. (a) The Secretary is authorized, in accordance with such rules as he shall prescribe, to make commitments to guarantee and to guarantee the payment of interest on and the principal balance of bonds or other evidences of indebtedness issued by a coastal State or unit of general purpose local government for the purpose specified in subsection (b) of this section.

"(b) A bond or other evidence of indebtedness may be guaranteed under this section only if it is issued by a coastal State or unit of general purpose local government for the purpose of obtaining revenues which are to be used to provide public services and public facilities which are made necessary by outer Continental Shelf energy activities.

"(c) Bonds or other evidences of indebtedness guaranteed under this section shall be guaranteed on such terms and conditions as the Secretary shall prescribe, except that --

"(1) no guarantee shall be made unless the Secretary determines that the issuer of the evidence of indebtedness would not be able to borrow sufficient revenues on reasonable terms and conditions without the guarantee;

"(2) the guarantees shall provide for complete amortization

of the indebtedness within a period not to exceed 30 years;

"(3) the aggregate principal amount of the obligations which may be guaranteed under this section on behalf of a coastal State or a unit of general purpose local government and outstanding at any one time may not exceed \$20,000,000;

"(4) the aggregate principal amount of all the obligations which may be guaranteed under this section and outstanding at any one time may not exceed \$200,000,000;

"(5) no guarantee shall be made unless the Secretary determines that the bonds or other evidences of indebtedness will -

"(A) be issued only to investors approved by, or meeting requirements prescribed by, the Secretary, or, if an offering to the public is contemplated, be underwritten upon terms and conditions approved by the Secretary;

"(B) bear interest at a rate satisfactory to the Secretary;

"(C) contain or be subject to repayment, maturity, and other provisions satisfactory to the Secretary; and

"(D) contain or be subject to provisions with respect to the protection of the security interest of the United States;

"(6) the approval of the Secretary of the Treasury shall be required with respect to any guarantee made under this section, except that the Secretary of the Treasury may waive this requirement with respect to the issuing of any such obligation when he



determines that such issuing does not have a significant impact on the market for Federal Government and Federal Government-guaranteed securities;

"(7) the Secretary determines that there is reasonable assurance that the issuer of the evidence of indebtedness will be able to make the payments of the principal of and interest on such evidence of indebtedness; and

"(8) no guarantee shall be made after September 30, 1981.

"(d)(1) Prior to the time when the first bond or other evidence of indebtedness is guaranteed under this section, the Secretary shall publish in the Federal Register a list of the proposed terms and conditions under which bonds and other evidences of indebtedness will be guaranteed under this section. For at least 30 days following such publication, the Secretary shall receive, and give consideration to, comments from the public concerning such terms and conditions. Following this period, the Secretary shall publish in the Federal Register a final list of the conditions under which bonds and other evidences of indebtedness will be guaranteed under this section. The initial guarantee made under this section may not be conducted until 30 days after the final list of terms and conditions is published.

"(2) Prior to making any amendment to such final list of terms and conditions, the Secretary shall publish such amendment in the Federal Register and receive, and give consideration to, comments from the public for at least 30 days following such publication. Following this period, the Secretary shall publish in the Federal Register the final form of the amendment, and such amendment shall not become effective



until 30 days after this publication.

"(e) The full faith and credit of the United States is pledged to the payment of all guarantees made under this section with respect to principal, interest, and any redemption premiums. Any such guarantee made by the Secretary shall be conclusive evidence of the eligibility of the obligation involved for such guarantee, and the validity of any guarantee so made shall be incontestable in the hands of a holder of the guaranteed obligation.

"(f) The Secretary shall prescribe and collect a fee in connection with guarantees made under this section. This fee may not exceed the amount which the Secretary estimates to be necessary to cover the administrative costs of carrying out this section. Fees collected under this subsection shall be deposited in the revolving fund established under subsection (i).

"(g) With respect to any obligation guaranteed under this section, the interest payment paid on such obligation and received by the purchaser thereof (or his successor in interest) shall be included in gross income for the purpose of chapter 1 of the Internal Revenue Code of 1954.

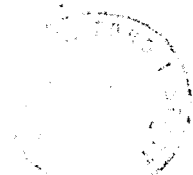
"(h)(1) Payments required to be made as a result of any guarantee made under this section shall be made by the Secretary from funds which may be appropriated to the revolving fund established by subsection (i) or from funds obtained from the Secretary of the Treasury and deposited in such revolving fund pursuant to subsection (i)(2).

(2) If there is a default by a coastal State or unit of general purpose local government in any payment of principal or interest due under a bond or other evidence of indebtedness guaranteed by the Secretary under

this section, any holder of such bond or other evidence of indebtedness may demand payment by the Secretary of the unpaid interest on and the unpaid principal of such obligation as they become due. The Secretary, after investigating the facts presented by the holder, shall pay to the holder the amount which is due him, unless the Secretary finds that there was no default by the coastal State or unit of general purpose local government or that such default has been remedied. If the Secretary makes a payment under this paragraph, the United States shall have a right of reimbursement against the coastal State or unit of general purpose local government for which the payment was made for the amount of such payment plus interest at the prevailing current rate as determined by the Secretary. If any revenue becomes due to such coastal State or unit of general purpose local government under section 308(a) of this title, the Secretary shall, in lieu of paying such coastal State or unit of general purpose local government such revenue, deposit such revenue in the revolving fund established under subsection (i) until the right of reimbursement has been satisfied.

"(3) The Attorney General shall, upon request of the Secretary, take such action as may be appropriate to enforce any right accruing to the United States as a result of the issuance of any guarantee under this section. Any sum recovered pursuant to this paragraph shall be paid into the revolving fund established by subsection (i).

"(i)(1) The Secretary shall establish a revolving fund to provide for the timely payment of any liability incurred as a result of guarantees made under this section, for the payment of costs of administering this section, and for the payment of obligations issued to the



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Secretary of the Treasury under paragraph (2) of this subsection.

This revolving fund shall be comprised of--

"(A) receipts from fees collected under this section;

"(B) recoveries under security, subrogation, and other rights;

"(C) reimbursements, interest income, and any other receipts obtained in connection with guarantees made under this section;

"(D) proceeds of the obligations issued to the Secretary of the Treasury pursuant to paragraph (2) of this subsection; and

"(E) such sums as may be appropriated to carry out the provisions of this section.

Funds in the revolving fund not currently needed for the purpose of this section shall be kept on deposit or invested in obligations of the United States or guaranteed thereby or in obligations, participation, or other instruments which are lawful investments for fiduciary, trust, or public funds.

"(2) The Secretary may, for the purpose of carrying out the functions of this section, issue obligations to the Secretary of the Treasury only to such extent or in such amounts as may be provided in appropriation Acts. The obligations issued under this paragraph shall have such maturities and bear such rate or rates of interest as shall be determined by the Secretary of the Treasury. The Secretary of the Treasury shall purchase any obligation so issued, and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any security issued under the Second Liberty Bond Act, and



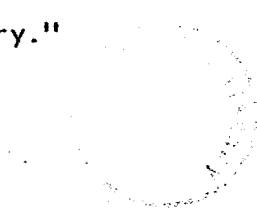


the purposes for which securities may be issued under that Act are extended to include purchases of the obligations hereunder. Proceeds obtained by the Secretary from the issuance of obligations under this paragraph shall be deposited in the revolving fund established in paragraph (1).

"(3) There are authorized to be appropriated to the revolving fund such sums as may be necessary to carry out the provisions of this section.

"(j) No bond or other evidence of indebtedness shall be guaranteed under this section unless the issuer of the evidence of indebtedness and the person holding the note with respect to such evidence of indebtedness permit the General Account Office to audit, under rules prescribed by the Comptroller General of the United States, all financial transactions of such issuer and holder which relate to such evidence of indebtedness. The representatives of the General Accounting Office shall have access to all books, accounts, reports, files, and other records of such issuer and such holder insofar as any such record pertains to financial transactions relating to the evidence of indebtedness guaranteed under this section.

"(k) For purposes of this section, the term 'unit of general purpose local government' shall mean any city, county, town, township, parish, village, or other general purpose political subdivision of a coastal State, if such general purpose political subdivision possesses taxing powers and has responsibility for providing public facilities or public services to the community, as determined by the Secretary."



RED TAG

March 5, 1976

MEMORANDUM FOR:

JIM MITCHELL

THRU:

MAX L. FRIEDERSDORF  
VERN LOEN

FROM:

CHARLES LEPPERT, JR.

SUBJECT:

HR 3981, Coastal Zone Management Act Amendments  
HR 6218, Outer Continental Shelf Lands Act Amendments  
HR 49 , Naval Petroleum Reserves Production Act

Attached per your request are copies of the above mentioned legislation.

HR 3981, the Coastal Zone Management Act Amendments of 1975, as reported by the House Merchant Marine and Fisheries Committee is scheduled for consideration by the House of Representatives on Wednesday, March 10, 1976. As you are aware the impact aid provisions of this bill are important.

HR 6218, (Committee Print No. 2) the Outer Continental Shelf Lands Act Amendments of 1976, is before the Ad Hoc Select Committee on Outer Continental Shelf for mark-up. The mark-up has begun and they have completed marking-up the first fifteen pages of HR 6218, Committee Print No. 2 as the original text.

Rep. Fish (R-NY) has introduced a substitute to HR 6218. This substitute is also attached along with section by section analyses of both bills and comparisons of both bills.

If possible, maybe Secretary Richardson can meet with Rep. Fish and get him to withdraw his present substitute and introduce another substitute containing the Administration impact aid provisions. It's worth a try and then try to get a conference on this bill if it has the Administration impact aid provisions and the Coastal Zone Management bills from the House and Senate. If Secretary Richardson does meet with Rep. Fish then Rep. Forsythe (NJ) should also be invited to that meeting.

Also attached is the unofficial print of the Naval Petroleum Reserves bill as reported by the Conference Committee on Thursday, March 4. It is anticipated that this conference report will come before the House of Representatives late the week of March 8 or the following week.



UPDATE AS OF MARCH 10, 1976

H.R. 3981  
COASTAL ZONE MANAGEMENT ACT AMENDMENTS  
ADMINISTRATION VIEWS

The Administration is currently working with Committee Members on Floor amendments toward an energy development impact assistance package in the coastal zone administered by the Secretary of Commerce limited to no more than \$1 billion at any one time.

This package of amendments consists primarily of loans and guarantees to provide front end money for public facilities required as a result of Federal energy development. The Administration could also accept planning grants and limited grants linked to OCS energy development to compensate for previously incurred environmental impacts.

The Administration also wishes to eliminate from H.R. 3981, among other things, provisions which would tend to inhibit energy resource development such as the provision requiring Federal lease applicants to certify consistency with State coastal zone management programs.

The Administration will not object to House passage of H.R. 3981 provided the Administration's principal objectives will be amenable to the Conference. The Administration's position is contingent upon adoption of appropriate House Floor amendments which will make this possible.



## Office of the White House Press Secretary

THE WHITE HOUSE

## STATEMENT BY THE PRESIDENT

I am pleased to sign into law today S. 586, the Coastal Zone Management Act Amendments of 1976. This legislation fills a critical need in the development of our domestic energy resources and the improved management of the Nation's valuable coastal zones.

The bill recognizes a national responsibility to assist coastal states and communities that will be affected by the accelerated exploration and production of oil and gas from the Federal outer continental shelf. It incorporates for coastal states the principal elements of the Energy Development Impact Assistance Program which I recommended to Congress in February of this year.

Specifically the bill creates a Coastal Energy Impact Program with an authorization level of \$1.2 billion over the next ten years. The principal form of the assistance will be loans and loan guarantees to assist communities in developing the additional public facilities needed to cope with the expanding population associated with new OCS and coastal dependent energy activities. In addition, Federal grants are authorized to assist states and communities in planning for these impacts, in ameliorating unavoidable environmental losses, and in providing public facilities and public services for limited time periods to the extent adequate credit under the bill is available.

The legislation has been carefully designed to insure that Federal assistance is limited to those situations where the assistance is needed and only for those specified projects or activities directly related to increased coastal energy activity. Clearly, the national taxpayer should not be asked to underwrite costs normally covered by ordinary state and local taxes; similarly, the energy industry should bear its normal tax load and the usual costs of doing business.

Under the bill, loans and loan guarantees will be provided for public facilities needed because of new or expanded coastal energy activity in recognition that such facilities would normally be financed through State and local bonding. Grants for public facilities can only be used if the Secretary of Commerce finds that the loans and loan guarantees are not available. Grants may also be used for planning and for the prevention, reduction, or amelioration of unavoidable environmental losses if the Secretary determines that the loss is not attributable to, or assessable against, any specific person and cannot be paid for through other Federal programs.

The bill also appropriately limits the extent to which the Federal Government will become involved in decisions that should be made at State and local levels. The individual states and localities will determine whether their principal

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need is for schools, roads, hospitals, new parks or other similar facilities. The Secretary of Commerce will have responsibilities which are limited to those areas where Federal involvement is necessary.

Prior to the disbursement of funds, the Secretary of Commerce must make certain that States which are entitled to receive loans or grants will expend or commit the proceeds in accordance with authorized purposes, and that Federal loan grants will not subsidize public services for an unreasonable length of time. The Secretary must also determine prior to the disbursement of funds that particular environmental losses cannot be attributed to identifiable persons, and that grants for public facilities are used only to the extent that loans or loan guarantee assistance is not available.

The Secretary of Commerce will act expeditiously to implement the energy development impact provisions so that we can accelerate OCS energy development to meet our Nation's energy needs in an environmentally responsible manner and to work closely with the thirty coastal States which are now participating in the Coastal Zone Management Program.

It is appropriate that this new program, established by this major innovative piece of legislation, is being signed in the first year of our Nation's Third Century. The issues of energy and our environment -- to which this bill is directed -- will surely be high on our Nation's list of priority concerns throughout the decades ahead.

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JULY 26, 1976

## Office of the White House Press Secretary

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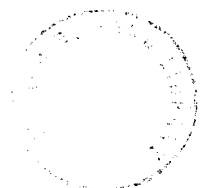
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JULY 26, 1976

Office of the White House Press Secretary

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THE WHITE HOUSE

FACT SHEET

COASTAL ZONE MANAGEMENT ACT  
AMENDMENTS OF 1976 (S. 586)

The President today signed the Coastal Zone Management Act Amendments of 1976 which authorize \$1.6 billion for an energy development impact assistance program for coastal areas and for extending the scope of the existing Coastal Zone Management Program.

BACKGROUND

In February 1976, the President proposed a program to assist communities in both coastal and inland areas significantly impacted by the development of Federally-owned energy resources.

The Congress has passed amendments to the Coastal Zone Management Act which include the principal elements of the President's proposal for coastal zone areas impacted by certain major energy development activities, including Outer Continental Shelf (OCS) oil and gas development, deepwater ports and LNG (liquefied natural gas) facilities.

THE COASTAL ZONE MANAGEMENT ACT AMENDMENTS OF 1976 (S. 586)

The bill has three key features:

- The current Coastal Zone Management Program is extended, its requirements and authorities are expanded.
- The requirement of the Coastal Zone Management Act of 1972 - that no Federal permits or licenses affecting land or water use in the coastal zone can be granted without State concurrence that the activity is consistent with the State's Coastal Zone Management Program - is expanded to cover exploration, development and production plans for OCS energy activities. This means that the consistency review will be directed to major events in the OCS program rather than individual leases and permits.
- Two new kinds of impact assistance are added:
  - \$800 million is authorized for a ten-year revolving Coastal Energy Impact Fund for loans and loan guarantees to be allocated by formula with grants for repayment if there is an inability to repay. Up to \$50 million in the Fund could also be used at the Secretary's discretion for:

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- . planning grants for the socio-economic or environmental consequences of any new or expanded energy facility in the Coastal Zone: and
  - . grants for unavoidable environmental losses if a particular State's formula grants are insufficient.
- \$400 million (\$50 million annually for eight years) is authorized for OCS formula grants. The eligible uses of these formula grants are limited to:
- . retirement of guaranteed bonds, but only if there is a showing of inability to repay;
  - . planning and provision of public facilities and services, but only if loans and loan guarantees are unavailable; and
  - . prevention or amelioration of unavoidable environmental losses, but only those which cannot be: (a) attributed to or assessed against identifiable persons or (b) paid for through other Federal programs.

Under the bill, loans and loan guarantees will be provided for public facilities needed because of new or expanded coastal energy activity in recognition that such facilities would normally be financed through State and local bonding. Grants for public facilities can only be used if the Secretary of Commerce finds that the loans and loan guarantees are not available.

Grants can also be used for planning of unavoidable environmental losses, but only if the Secretary of Commerce determines that the loss is not attributable to, or assessable against, any specific individual and cannot be paid for through other Federal programs.

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JULY 26, 1976

Office of the White House Press Secretary

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Grants can also be used for planning of unavoidable environmental losses, but only if the Secretary of Commerce determines that the loss is not attributable to, or assessable against, any specific individual and cannot be paid for through other Federal programs.

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OFFICE OF THE WHITE HOUSE PRESS SECRETARY

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THE WHITE HOUSE

REMARKS OF THE PRESIDENT  
UPON SIGNING S. 586  
TO IMPROVE COASTAL ZONE MANAGEMENT  
IN THE UNITED STATES AND FOR OTHER PURPOSES

THE EAST GARDEN

11:15 A.M. EDT

Secretary Richardson, distinguished Members of the House and the Senate, Frank Zarb, and guests:

It is a great privilege and pleasure to have you all here this morning. And I especially wish to thank the Members of the Congress for working on this legislation and cooperating with the Administration in putting together what I think is very excellent legislation.

I am here this morning with all of you to sign into law the Coastal Zone Management Act Amendments of 1976. These amendments include many of the principal elements of the proposal that I sent to the Congress in February, which were designed to assist communities significantly affected by the development of Federally owned energy resources.

These amendments will provide a basis for long-term planning by the coastal States so that they can better balance the needs for energy development, urban growth, of resource conservation, and recreational use. These amendments also include a good balance between Federal, State and local interests in the very sensitive areas of coastal land and water uses and energy development.

By creating a coastal energy impact program with funds of \$1.2 billion over the next ten years, we recognize a national responsibility to help coastal States and communities that are affected as we speed up exploration and production of oil and gas from the Outer Continental Shelf.

At the same time, these amendments rightly limit the extent to which the Federal Government will become involved in decisions that should be made at State and local levels. I see this bill as a very encouraging sign for the future. First, because it represents the kinds of progress that can be made when the Congress and the Administration work together--and I repeat what I said at the outset, I am very grateful for the cooperation of both the House and the Senate.

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Page 2

And second, because it shows two issues high on our national agenda -- the need for energy and the need for environmental protection -- can indeed be reconciled.

So, it is with pleasure that I have the opportunity of signing this bill this morning and thank all of you for coming on this fine day for a rather historic occasion.

Thank you all very, very much.

END

(AT 11:19 A.M. EDT)

