

**CLEAN Energy Act of 2007 (Engrossed as Agreed to or Passed by House)**

**HR 6 EH**

**110th CONGRESS**

**1st Session**

**H. R. 6**

**AN ACT**

To reduce our Nation's dependency on foreign oil by investing in clean, renewable, and alternative energy resources, promoting new emerging energy technologies, developing greater efficiency, and creating a Strategic Energy Efficiency and Renewables Reserve to invest in alternative energy, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

**SECTION 1. SHORT TITLE.**

This Act may be cited as the 'Creating Long-Term Energy Alternatives for the Nation Act of 2007' or the 'CLEAN Energy Act of 2007'.

**TITLE I--DENIAL OF OIL AND GAS TAX BENEFITS**

**SEC. 101. SHORT TITLE.**

This title may be cited as the 'Ending Subsidies for Big Oil Act of 2007'.

**SEC. 102. DENIAL OF DEDUCTION FOR INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION OF OIL, NATURAL GAS, OR PRIMARY PRODUCTS THEREOF.**

(a) In General- Subparagraph (B) of section 199(c)(4) of the Internal Revenue Code of 1986 (relating to exceptions) is amended by striking 'or' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting ', or', and by inserting after clause (iii) the following new clause:

'(iv) the sale, exchange, or other disposition of oil, natural gas, or any primary product thereof.'

(b) Primary Product- Section 199(c)(4)(B) of such Code is amended by adding at the end the following flush sentence:

`For purposes of clause (iv), the term `primary product' has the same meaning as when used in section 927(a)(2)(C), as in effect before its repeal.'

(c) Conforming Amendments- Section 199(c)(4) of such Code is amended--

(1) in subparagraph (A)(i)(III) by striking `electricity, natural gas,' and inserting `electricity', and

(2) in subparagraph (B)(ii) by striking `electricity, natural gas,' and inserting `electricity'.

(d) Effective Date- The amendments made by this section shall apply to taxable years beginning after December 31, 2007.

#### SEC. 103. 7-YEAR AMORTIZATION OF GEOLOGICAL AND GEOPHYSICAL EXPENDITURES FOR CERTAIN MAJOR INTEGRATED OIL COMPANIES.

(a) In General- Subparagraph (A) of section 167(h)(5) of the Internal Revenue Code of 1986 (relating to special rule for major integrated oil companies) is amended by striking `5-year' and inserting `7-year'.

(b) Effective Date- The amendment made by this section shall apply to amounts paid or incurred after the date of the enactment of this Act.

#### TITLE II--ROYALTIES UNDER OFFSHORE OIL AND GAS LEASES

##### SEC. 201. SHORT TITLE.

This title may be cited as the `Royalty Relief for American Consumers Act of 2007'.

##### SEC. 202. PRICE THRESHOLDS FOR ROYALTY SUSPENSION PROVISIONS.

The Secretary of the Interior shall agree to a request by any lessee to amend any lease issued for any Central and Western Gulf of Mexico tract during the period of January 1, 1998, through December 31, 1999, to incorporate price thresholds applicable to royalty suspension provisions, that are equal to or less than the price thresholds described in clauses (v) through (vii) of section 8(a)(3)(C) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(a)(3)(C)). Any amended lease shall impose the new or revised price thresholds effective October 1, 2006. Existing lease provisions shall prevail through September 30, 2006.

##### SEC. 203. CLARIFICATION OF AUTHORITY TO IMPOSE PRICE THRESHOLDS FOR CERTAIN LEASE SALES.

Congress reaffirms the authority of the Secretary of the Interior under section 8(a)(1)(H) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(a)(1)(H)) to vary, based on the price of production from a lease, the suspension of royalties under any lease subject to section 304 of the Outer Continental Shelf Deep Water Royalty Relief Act (Public Law 104-58; 43 U.S.C. 1337 note).

**SEC. 204. ELIGIBILITY FOR NEW LEASES AND THE TRANSFER OF LEASES;  
CONSERVATION OF RESOURCES FEES.**

**(a) Issuance of New Leases-**

**(1) IN GENERAL-** The Secretary shall not issue any new lease that authorizes the production of oil or natural gas in the Gulf of Mexico under the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) to a person described in paragraph (2) unless--

(A) the person has renegotiated each covered lease with respect to which the person is a lessee, to modify the payment responsibilities of the person to include price thresholds that are equal to or less than the price thresholds described in clauses (v) through (vii) of section 8(a)(3)(C) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(a)(3)(C));  
or

(B) the person has--

(i) paid all fees established by the Secretary under subsection (b) that are due with respect to each covered lease for which the person is a lessee; or

(ii) entered into an agreement with the Secretary under which the person is obligated to pay such fees.

**(2) PERSONS DESCRIBED-** A person referred to in paragraph (1) is a person that--

(A) is a lessee that--

(i) holds a covered lease on the date on which the Secretary considers the issuance of the new lease; or

(ii) was issued a covered lease before the date of enactment of this Act, but transferred the covered lease to another person or entity (including a subsidiary or affiliate of the lessee) after the date of enactment of this Act; or

(B) any other person or entity who has any direct or indirect interest in, or who derives any benefit from, a covered lease;

**(3) MULTIPLE LESSEES-**

(A) IN GENERAL- For purposes of paragraph (1), if there are multiple lessees that own a share of a covered lease, the Secretary may implement separate agreements with any lessee with a share of the covered lease that modifies the payment responsibilities with respect to the share of the lessee to include price thresholds that are equal to or less than the price thresholds described in clauses (v) through (vii) of section 8(a)(3)(C) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(a)(3)(C)).

(B) TREATMENT OF SHARE AS COVERED LEASE- Beginning on the effective date of an agreement under subparagraph (A), any share subject to the agreement shall not constitute a covered lease with respect to any lessees that entered into the agreement.

(b) Conservation of Resources Fees-

(1) IN GENERAL- Not later than 60 days after the date of enactment of this Act, the Secretary of the Interior by regulation shall establish--

(A) a conservation of resources fee for producing Federal oil and gas leases in the Gulf of Mexico; and

(B) a conservation of resources fee for nonproducing Federal oil and gas leases in the Gulf of Mexico.

(2) PRODUCING LEASE FEE TERMS- The fee under paragraph (1)(A)--

(A) subject to subparagraph (C), shall apply to covered leases that are producing leases;

(B) shall be set at \$9 per barrel for oil and \$1.25 per million Btu for gas, respectively, in 2005 dollars; and

(C) shall apply only to production of oil or gas occurring--

(i) in any calendar year in which the arithmetic average of the daily closing prices for light sweet crude oil on the New York Mercantile Exchange (NYMEX) exceeds \$34.73 per barrel for oil and \$4.34 per million Btu for gas in 2005 dollars; and

(ii) on or after October 1, 2006.

(3) NONPRODUCING LEASE FEE TERMS- The fee under paragraph (1)(B)--

(A) subject to subparagraph (C), shall apply to leases that are nonproducing leases;

(B) shall be set at \$3.75 per acre per year in 2005 dollars; and

(C) shall apply on and after October 1, 2006.

(4) TREATMENT OF RECEIPTS- Amounts received by the United States as fees under this subsection shall be treated as offsetting receipts.

(c) Transfers- A lessee or any other person who has any direct or indirect interest in, or who derives a benefit from, a lease shall not be eligible to obtain by sale or other transfer (including through a swap, spinoff, servicing, or other agreement) any covered lease, the economic benefit of any covered lease, or any other lease for the production of oil or natural gas in the Gulf of Mexico under the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.), unless--

(1) the lessee or other person has--

(A) renegotiated all covered leases of the lessee or other person; and

(B) entered into an agreement with the Secretary to modify the terms of all covered leases of the lessee or other person to include limitations on royalty relief based on market prices that are equal to or less than the price thresholds described in clauses (v) through (vii) of section 8(a)(3)(C) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(a)(3)(C)); or

(2) the lessee or other person has--

(A) paid all fees established by the Secretary under subsection (b) that are due with respect to each covered lease for which the person is a lessee; or

(B) entered into an agreement with the Secretary under which the person is obligated to pay such fees.

(d) Definitions- In this section--

(1) COVERED LEASE- The term `covered lease' means a lease for oil or gas production in the Gulf of Mexico that is--

(A) in existence on the date of enactment of this Act;

(B) issued by the Department of the Interior under section 304 of the Outer Continental Shelf Deep Water Royalty Relief Act (43 U.S.C. 1337 note; Public Law 104-58); and

(C) not subject to limitations on royalty relief based on market price that are equal to or less than the price thresholds described in clauses (v) through (vii) of section 8(a)(3)(C) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(a)(3)(C)).

(2) LESSEE- The term `lessee' includes any person or other entity that controls, is controlled by, or is in or under common control with, a lessee.

(3) SECRETARY- The term `Secretary' means the Secretary of the Interior.

**SEC. 205. REPEAL OF CERTAIN TAXPAYER SUBSIDIZED ROYALTY RELIEF FOR THE OIL AND GAS INDUSTRY.**

(a) Repeal of Provisions of Energy Policy Act of 2005- The following provisions of the Energy Policy Act of 2005 (Public Law 109-58) are repealed:

(1) Section 344 (42 U.S.C. 15904; relating to incentives for natural gas production from deep wells in shallow waters of the Gulf of Mexico).

(2) Section 345 (42 U.S.C. 15905; relating to royalty relief for deep water production in the Gulf of Mexico).

(3) Subsection (i) of section 365 (42 U.S.C. 15924; relating to the prohibition on drilling-related permit application cost recovery fees).

(b) Provisions Relating to Planning Areas Offshore Alaska- Section 8(a)(3)(B) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(a)(3)(B)) is amended by striking `and in the Planning Areas offshore Alaska' after `West longitude'.

(c) Provisions Relating to Naval Petroleum Reserve in Alaska- Section 107 of the Naval Petroleum Reserves Production Act of 1976 (as transferred, redesignated, moved, and amended by section 347 of the Energy Policy Act of 2005 (119 Stat. 704)) is amended--

(1) in subsection (i) by striking paragraphs (2) through (6); and

(2) by striking subsection (k).

**TITLE III--STRATEGIC ENERGY EFFICIENCY AND RENEWABLES RESERVE**

**SEC. 301. STRATEGIC ENERGY EFFICIENCY AND RENEWABLES RESERVE FOR INVESTMENTS IN RENEWABLE ENERGY AND ENERGY EFFICIENCY.**

(a) In General- For budgetary purposes, the additional Federal receipts by reason of the enactment of this Act shall be held in a separate account to be known as the `Strategic Energy Efficiency and Renewables Reserve'. The Strategic Energy Efficiency and Renewables Reserve shall be available to offset the cost of subsequent legislation--

(1) to accelerate the use of clean domestic renewable energy resources and alternative fuels;

(2) to promote the utilization of energy-efficient products and practices and conservation; and

(3) to increase research, development, and deployment of clean renewable energy and efficiency technologies.

(b) Procedure for Adjustments-

(1) BUDGET COMMITTEE CHAIRMAN- After the reporting of a bill or joint resolution, or the offering of an amendment thereto or the submission of a conference report thereon, providing funding for the purposes set forth in subsection (a) in excess of the amounts provided for those purposes for fiscal year 2007, the chairman of the Committee on the Budget of the applicable House of Congress shall make the adjustments set forth in paragraph (2) for the amount of new budget authority and outlays in that measure and the outlays flowing from that budget authority.

(2) MATTERS TO BE ADJUSTED- The adjustments referred to in paragraph (1) are to be made to--

(A) the discretionary spending limits, if any, set forth in the appropriate concurrent resolution on the budget;

(B) the allocations made pursuant to the appropriate concurrent resolution on the budget pursuant to section 302(a) of the Congressional Budget Act of 1974; and

(C) the budget aggregates contained in the appropriate concurrent resolution on the budget as required by section 301(a) of the Congressional Budget Act of 1974.

(3) AMOUNTS OF ADJUSTMENTS- The adjustments referred to in paragraphs (1) and (2) shall not exceed the receipts estimated by the Congressional Budget Office that are attributable to this Act for the fiscal year in which the adjustments are made.  
Passed the House of Representatives January 18, 2007.

Attest:

Clerk.

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