NACo National Association of Counties
The Voice of America's Counties

WESTERN GOVERNORS' ASSOCIATION

March 18, 2010

The Honorable Ken Salazar
Secretary
U.S. Department of the Interior
1849 C Street NW
Washington, D.C. 20240

Dear Secretary Salazar:

On behalf of the Western Governors Association (WGA) and the National Association of Counties (NACo), we are writing to express our concern regarding the Administration's proposal to permanently repeal the sharing of geothermal revenues with county governments.

The enactment of the Energy Policy Act of 2005 provided comprehensive and much needed changes to domestic energy policy. One such provision included an amendment of the Geothermal Steam Act of 1970 and modified how federal revenues from geothermal development are shared with state and local government. Under the Act, county governments share 25 percent of geothermal revenues to support county departments impacted by local geothermal development and production. Unfortunately with the enactment of the FY 2010 Interior Appropriations bill, the 25 percent county share was effectively redirected back to the United States Treasury. Our concern is that the President's FY 2011 budget request would make that redirection permanent and cut-off these funds to country governments.

Thirty-one counties in six western states have benefited from geothermal revenue sharing receipts, and in turn, have been indispensible advocates for the development of alternative energy production in the United States. Geothermal revenues have contributed to the delivery of critical governmental services and the development of much needed capital improvement projects such as road maintenance, public safety and law enforcement, conservation easements, capital for leveraging federal and state resources, and the critical stabilization of operations budgets in tough economic times. To underscore the importance, the Western Governors' have adopted a policy resolution on the matter (09-14) and urge a return to the revenue payment division of 50 percent to the state where the lease is located, 25 percent to the county where the lease is located, and 25 percent to the federal government.

Recently, Senate Majority Leader Reid and five other Western senators successfully added an amendment to the tax extenders bill (HR 4213) to restore the county portion of geothermal receipts for Fiscal Year 2010. WGA and NACo will be working with Congress to keep the allocation intact in the Fiscal Year 2011 appropriations bills.

As this nation moves closer to securing a balanced domestic energy portfolio, state and local governments are committed to working with the federal government as equal partners in the promotion

of alternative energy development. The expansion of green energy industries will lead to the creation of high paying jobs and sustainable economic development. We call on this Administration to support the reinstatement of 25 percent revenue sharing with county governments.

Sincerely,

Larry E. Naake
Executive Director
National Association of Counties

Pam O. Inmann
Executive Director
Western Governors' Association

cc:
Senator Harry Reid
Rep. Mike Thompson
Senator Dianne Feinstein, Chair – Senate Appropriations Subcommittee for Interior-Environment
Rep. Jim Moran, Chair – House Appropriations Subcommittee for Interior-Environment

Western Governors' Association
Policy Resolution 09-14

Distribution of Federal Royalty Payments for Renewable Energy Projects on Public Lands

A. BACKGROUND

1. The Energy Policy Act of 2005 directed that federal royalty payments for leases of land for geothermal energy development be divided 50% to the State where the lease is located; 25% to the County where the lease is located; and 25% to the Department of the Interior. The royalties are a share of value of the energy production per year. The enactment of the FY2010 Interior Appropriations bill included a provision that eliminated revenue sharing from geothermal energy production, as provided in the Energy Policy Act of 2005 (EPACT).

2. All of the rental income from federal rents for rights of way for wind, solar and geothermal energy developments on federal lands currently goes to the Federal Treasury. None is currently distributed to States or Counties.

3. Some bills before Congress would give states and counties a share of the wind and/or solar rents or royalties from wind and solar development on federal lands.

4. Sharing the revenue from wind and solar energy development on federal land will allow states and counties to defray some of their costs associated with these projects and allow states to substantially enhance State energy programs.

B. GOVERNORS' POLICY STATEMENT

1. Western Governors support the sharing of federal leasing and rights of way revenues from renewable development on federal lands with state and county governments where that development occurs. The Governors support 50% of these revenues going to states, 25% to counties and 25% to the federal government.

C. GOVERNORS' MANAGEMENT DIRECTIVE

1. The Western Governors' Association (WGA) shall transmit this resolution to the appropriate committees of Congress and the Secretary of the Interior.

2. WGA shall post this resolution to its Web site to be referred to and transmitted as necessary.

PUBLIC LANDS STEERING COMMITTEE

RESOLUTION ON DISTRIBUTION OF FEDERAL ROYALTY PAYMENTS FOR RENEWABLE ENERGY PROJECTS ON PUBLIC LANDS

Issue: Federal revenue sharing payments to counties from Alternative Energy Development on Public Lands.

Adopted Policy: NACo supports the sharing of federal leasing and rights of way revenues from renewable energy development (wind, solar, and geothermal) on federal lands with state and county governments where that development occurs.

Background: The enactment of the Energy Policy Act of 2005 provided comprehensive and much needed changes to domestic energy policy. One such provision included an amendment of the Geothermal Steam Act of 1970 and modified how Federal revenues from geothermal development are shared with state and local government. Under the Act, county governments share 25 percent of geothermal revenues to support county departments impacted by local geothermal development and production. The recent passage of the FY 2010 Interior Appropriations bill effectively redirected the county geothermal revenue sharing funding back to the United States Treasury.

Numerous county governments have benefited from past geothermal revenue sharing receipts, and in turn, have been indispensible advocates for the development of alternative energy production in the United States. Currently, all of the rental income from federal rents for rights of way for wind, solar and geothermal energy developments on federal lands currently goes to the Federal Treasury. None is currently distributed to States or Counties.

As this nation moves closer to securing a balanced domestic energy portfolio, elected county officials are committed to working with the Federal government as equal partners in the promotion of alternative energy development. The expansion of green energy industries will lead to the creation of high paying jobs and sustainable economic development. NACo will continue to advocate for Federal legislation (including S. 2607) that provides revenue sharing from the development of solar, wind, and geothermal energy on public lands.

Fiscal/Urban/Rural Impact: Revenue sharing payments would contribute to the delivery of critical county services and the development of much needed capital improvement projects such as road maintenance, public safety and law enforcement, conservation easements, capital for leveraging federal and state resources, and the critical stabilization of operations budgets in tough economic times.

Adopted by the NACo Board of Directors
March 8, 2010