To amend the Mineral Leasing Act to make certain improvements in the laws relating to coal royalties, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. Cartwright introduced the following bill; which was referred to the Committee on _______________________

A BILL

To amend the Mineral Leasing Act to make certain improvements in the laws relating to coal royalties, 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; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “Coal Royalty Fairness and Communities Investment Act of 2021”.

(b) Table of Contents.—The table of contents of this Act is as follows:
Sec. 1. Short title; table of contents.

TITLE I—VALUATION OF FEDERAL COAL FOR PURPOSES OF 
ROYALTIES

Sec. 101. Valuation of coal royalties.

TITLE II—PROGRAMS TO REINVEST IN COAL-IMPACTED 
COMMUNITIES

Sec. 201. Establishment of Fund.
Sec. 203. Carbon capture and sequestration.
Sec. 204. Additional Federal agency participation.
Sec. 205. Definitions.

1 TITLE I—VALUATION OF FEDERAL COAL FOR PURPOSES 
OF ROYALTIES

2 SEC. 101. VALUATION OF COAL ROYALTIES.

3 Section 7 of the Mineral Leasing Act (30 U.S.C. 207) 
4 is amended—

5 (1) in subsection (a), by striking the fourth sen-
6 tence; and

7 (2) by adding at the end the following:

8 “(d) ROYALTIES.—

9 “(1) DEFINITIONS.—In this subsection:

10 “(A) ASSESSMENT VALUE.—

11 “(i) IN GENERAL.—The term ‘assessment 
12 value’, with respect to Federal coal, 
13 means the gross proceeds accruing to the 
14 lessee or the affiliate of the lessee’s first 
15 arm’s length contract for the sale of Fed-
16 eral coal.
“(ii) EXCEPTION.—If the Secretary cannot identify any arm’s length contract for the sale of Federal coal, then the assessment value means a price imputed by the Secretary based on the coal price index.

“(B) ARM’S LENGTH CONTRACT.—The term ‘arm’s length contract’ means a contract, agreement, or transaction for the sale of Federal coal that is between parties that are independent of each other and that are not affiliates.

“(C) AFFILIATE.—The term ‘affiliate’, with respect to a lessee, means a party that controls, is controlled by, or is under common control with the lessee, and includes a parent or subsidiary company.

“(D) COAL PRICE INDEX.—The term ‘coal price index’ means the schedule of average market prices of Federal coal (in United States dollars) at final sale, based on the quality and type of the Federal coal, as determined by the Secretary, in consultation with the Administrator of the Energy Information Administration.
“(E) SECRETARY.—The term ‘Secretary’ means the Secretary of the Interior.

“(2) PAYMENT RATE.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), a lease shall require payment of a royalty in such amount as the Secretary shall determine, which shall not be less than 12.5 percent of the assessment value of Federal coal.

“(B) EXCEPTION.—In the case of Federal coal recovered by an underground mining operation, the Secretary may establish such lower royalty payment rate as the Secretary determines to be appropriate in lieu of the royalty payment rate described in subparagraph (A).

“(3) ADMINISTRATION.—

“(A) REPORTING.—The Secretary shall ensure that any purchaser of Federal coal shall annually submit to the Secretary a report containing such information as the Secretary determines to be necessary to carry out this subsection.

“(B) AUDITS.—To carry out this subsection, the Secretary may examine the records
of any person engaged in the purchase, sale, transportation, or marketing of Federal coal.

“(4) COAL PRICE INDEX.—

“(A) IN GENERAL.—The Secretary shall compile in a coal price index the assessment values of coal by type and quality of coal.

“(B) PUBLICATION.—Not less frequently than quarterly, the Secretary shall publish in the Federal Register and on a public website the coal price index, along with a methodological description, including—

“(i) the method of calculation;

“(ii) the data used to calculate the coal price index in an aggregate manner that does not reveal proprietary information; and

“(iii) any other information the Secretary considers appropriate to ensure transparency.

“(C) OTHER INFORMATION.—If a person believes that the coal price index does not accurately reflect the assessment value of the coal produced by the person, the person may petition the Secretary to use information supplied by the person in lieu of the coal price index for
the purpose of determining the assessment value of the coal produced by such person, including all information the Secretary requires to accurately determine the assessment value and audit the records of the person.

“(5) Reviews.—

“(A) In general.—To ensure a transparent, fair, and efficient administration of the Federal coal program, and to ensure that citizens of the United States receive a fair return on Federal coal, not later than 3 years after the date of the enactment of this subsection and every 3 years thereafter during the 15-year period beginning on such date, the Comptroller General of the United States shall submit to Congress a report containing the results of a review conducted by the Comptroller General of the Federal coal program, including the administration of this subsection.

“(B) Consultation.—In conducting a review under this paragraph, the Comptroller General shall consult with—

“(i) the Secretary;

“(ii) the Director of the Bureau of Land Management;
“(iii) the Secretary of Transportation;

and

“(iv) the Secretary of Energy.

“(C) INCLUSIONS.—In conducting a review under this paragraph, the Comptroller General shall review—

“(i) the total volume of coal production from Federal land;

“(ii) the total volume of remaining coal reserves on Federal land;

“(iii) the total amount of revenues generated from the Federal coal program, itemized by type of revenue, including lease bonus payments and royalties;

“(iv) market prices for coal;

“(v) market prices for transportation costs and any other deductible costs; and

“(vi) the appropriateness of royalty rates.

“(D) FORMAT.—The Comptroller General shall report information in a review under this paragraph—

“(i) in the aggregate for the United States; and
“(ii) categorized by State for at least the top 10 Federal coal-producing States, as determined by the Comptroller General.

“(6) STUDY.—The Secretary shall seek to enter into an agreement with the National Academy of Sciences to conduct a study to determine the most equitable method for valuation of coal produced on Federal lands for purposes of Federal coal leases. Not later than 18 months after the date of the enactment of this subsection, and every five years thereafter, the Secretary shall submit to Congress a report containing the findings, of such study.”.

TITLE II—PROGRAMS TO REINVEST IN COAL-IMPACTED COMMUNITIES

SEC. 201. ESTABLISHMENT OF FUND.

(a) ESTABLISHMENT.—There is established in the Treasury of the United States a separate account, to be administered by the Secretary (acting through the Economic Development Administration), to be known as the “Coal Area Economic Revitalization Fund”.

(b) DEPOSITS.—Of the amount of royalty revenues collected by the United States for each fiscal year from coal leases under section 7 of the Mineral Leasing Act (30 U.S.C. 207) (as amended by section 101(2)), to the extent
the revenues are available, there shall be deposited in the
Coal Area Economic Revitalization Fund $75,000,000.

(c) Availability of Amounts.—

(1) In General.—Subject to subsection (d) and notwithstand-
ing any other provision of law, for each fiscal year, of the amounts de-
posited in the Coal Area Economic Revitalization Fund under sub-
section (b), there shall be made available, without further appropriation, the following amounts:

(A) $70,000,000 to the Secretary to pro-
vide grant assistance under covered programs for eligible projects, in accordance with section 202.

(B) $5,000,000 to the Secretary of Energy to provide funding for large-scale projects to capture and store carbon dioxide emissions from industrial sources, in accordance with sec-
tion 203.

(2) Special Rule.—If, with respect to a fiscal year, the amounts in the Coal Area Economic Revi-
talization Fund are insufficient to carry out para-
graph (1), there shall be made available, without further appropriation, the following:
(A) To the Secretary for the purposes described in paragraph (1)(A), 93.333 percent of the amounts available in the Fund.

(B) To the Secretary of Energy for the purposes described in paragraph (1)(B), 6.666 percent of the amounts available in the fund.

(d) Administrative Expenses.—A participating agency that receives funds under subsection (c) may not use not more than 2 percent of the amount the agency receives for each fiscal year to cover the administrative expenses of the participating agency in carrying out the covered program.

(e) Period of Availability.—The amounts deposited in the Coal Area Economic Revitalization Fund shall remain available without fiscal year limitation until expended.

SEC. 202. FEDERAL ECONOMIC AND WORKFORCE DEVELOPMENT ASSISTANCE PROGRAMS.

(a) In General.—The Secretary, acting through the Economic Development Administration, shall use the amounts made available under section 201(c)(1) to provide grant assistance under covered programs described in subsection (c) for eligible projects described in subsection (d).
(b) Allocation of Funds for Covered Programs.—

(1) In General.—The Secretary shall—

(A) allocate amounts made available to carry out this section among the covered programs in accordance with the criteria described in paragraph (2); and

(B) not later than 30 days after allocations are determined under subparagraph (A), provide public notice of the availability of grant assistance under this section through a Federal Funding Opportunity announcement.

(2) Allocation Criteria.—Not later than 120 days after the date of enactment of this Act, the Secretary shall establish and publish criteria for the allocation of amounts made available to carry out this section among the covered programs.

(c) Covered Programs.—

(1) In General.—On allocation by the Secretary of amounts from the Coal Area Economic Revitalization Fund for a covered program under this section, the head of the applicable participating agency shall manage grant selection (including eligibility requirements in addition to the eligibility re-
requirements listed in subsection (d)), awards, and
execution of projects with respect to such amounts.

(2) TERMS AND CONDITIONS.—Except as other-
wise provided in this section, projects that receive
grant assistance under this section shall be subject
to the eligibility rules, permitted activities, and re-
porting requirements of the covered program under
which the grant is made.

(d) ELIGIBLE PROJECTS.—

(1) PROJECT PURPOSES.—A project shall be el-
igible for assistance under this section if the purpose
of the project is to assist impacted communities—

(A) to organize community stakeholders,
analyze and inventory community assets, evalu-
ate needs and resources, or develop comprehen-
sive economic development strategic plans;

(B) to undergo in-depth labor market anal-
ysis and workforce development and dislocated
worker planning associated with the provision
of training and employment services;

(C) to implement linked economic and
workforce development strategies to promote
local and regional economic growth;

(D) to accelerate job creation by leveraging
local assets;
(E) to train and place workers in family-supporting, high-demand jobs (including registered apprenticeship and other on-the-job training models);

(F) to create linkages between community stakeholders, economic development organization, public and private entities, and the labor force that drive local and regional economic growth; or

(G) to carry out other purposes approved by the Secretary.

(2) PRIORITY.—In selecting projects to receive assistance under this section, the head of a participating agency shall—

(A) give priority to project applications that establish a clear linkage between the proposed project and the means by which the project will result in local and regional economic growth and diversification, job creation, or job training and reemployment for dislocated workers, without regard to any formula used by a participating agency to disburse other funds; and

(B) consult directly with impacted communities to determine the greatest needs of the im-
pacted communities and give priority to projects that address those needs.

(3) **SPECIFIC ACTIVITIES AND COSTS TO BE CONSIDERED.**—In providing assistance under this section for projects for economic diversification, the head of a participating agency shall give consideration for priority, at a minimum, to the following activities and costs:

(A) Analysis activities that build from strategic economic development plans, including—

(i) economic and workforce data collection; and

(ii) supply chain and industry cluster analysis.

(B) Outreach and targeted assistance to economic development organizations, unions, workers, and other stakeholders.

(C) Remediation and redevelopment of coal economy sites, as appropriate.

(D) Provision of business planning and market exploration services.

(E) Development of business incubator programs.
(F) Facilitation of access to private capital investment and capacity building to effectively use capital investment.

(G) Promotion of exports from entities in the impacted area.

(H) Workforce training and dislocated worker services and supports for impacted workers.

(I) Costs associated with registered apprenticeship and on-the-job training models.

(J) Temporary or short-term relocation or commuting costs for available jobs in other parts of the applicable State or region.

(K) Staffing, operating, and administrative costs for the recipient organization.

(L) Comprehensive strategies that—

(i) integrate all of the activities and costs described in subparagraphs (A) through (K); and

(ii) leverage other investments from the applicable participating agency and other Federal departments and agencies.

(e) COORDINATION OF ACTIVITIES.—The Secretary shall—
1 (1) provide a single staff point of Federal contact (with staffing assistance from other participating agencies, as needed) for grants awarded under this section; and
2
3 (2) coordinate cross-agency activities at the regional level that direct additional Federal resources to impacted communities.

SEC. 203. CARBON CAPTURE AND SEQUESTRATION.
4
5 The Secretary of Energy shall use the amounts made available under section 201(c)(2) to provide financial assistance for the design, construction, and operation of large-scale projects to capture and store carbon dioxide emissions from industrial sources.

SEC. 204. ADDITIONAL FEDERAL AGENCY PARTICIPATION.
6 (a) In General.—The Federal departments and agencies described in subsection (b) shall provide to impacted communities technical assistance and educational outreach to fund partnerships, in coordination with available resources.
7
8 (b) Description of Departments and Agencies.—The Federal departments and agencies referred to in subsection (a) are—
9
10 (1) the Rural Business-Cooperative Service of the Department of Agriculture;
(2) the Office of Solid Waste and Emergency Response of the Environmental Protection Agency;

(3) the Department of Energy;

(4) the Community Development Financial Institutions Fund of the Department of the Treasury;

(5) SelectUSA and the National Institute of Standards and Technology—Manufacturing Extension Partnerships of the Department of Commerce;

(6) the Corporation for National and Community Service; and

(7) the Office of Surface Mining Reclamation and Enforcement of the Department of the Interior.

SEC. 205. DEFINITIONS.

In this title:

(1) COAL ECONOMY.—The term “coal economy” means the complete supply chain of coal reliant industries, including coal mining, coal-fired power plants, and related transportation, logistics, and manufacturing.

(2) COVERED PROGRAM.—The term “covered program” means any of the following:

(A) The Assistance to Coal Communities, Economic Adjustment Assistance, and Partnership Planning program of the Economic Devel-
(B) The Dislocated Worker National Emergency Grants program of the Employment and Training Administration of the Department of Labor.

(C) The Regional Innovation Clusters and Growth Accelerators program of the Small Business Administration.

(D) The Technical Assistance and Demonstration Projects program of the Appalachian Regional Commission.

(3) Impacted Community.—The term “impacted community” means a community or Indian tribe (as such term is defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)) in the United States that has been negatively impacted as a result of changes in the coal economy, including a negative impact on its economy, environment, employment, retirement benefits, infrastructure, public health, or education.

(4) Participating Agency.—The term “participating agency” means a Federal agency that has primary authority over a covered program.
(5) SECRETARY.—The term “Secretary” means the Secretary of Commerce.