

### **Legislation Won't Advance to the Senate Because Republicans Side with Oil Companies**

**June 5, 2008**

WASHINGTON, DC—Congressman Peter DeFazio's (D-Springfield) legislation H.R. 3058 to extend the critical county payments program for four years received the support of a majority of members – 218 to 193 – in the House today. Unfortunately, the bill will not advance to the Senate because the bill was considered under a procedure that required a 2/3 vote rather than a simple majority. Most Republican members sided with profit rich oil companies as opposed to rural schools, sheriff's patrols, law enforcement, and other vital county services.

"I am pleased that a majority in the House recognized the dire need facing our rural counties," DeFazio said. "The fact that a majority in the House voted in support of county payments is very significant and keeps us alive to fight another day."

"The fact that this bill will not advance to the Senate at this time is a huge blow to the counties in southwest Oregon who are about to start laying off employees by the hundreds into a bad economy – we're losing sheriffs patrols, jail beds, teachers and other vital public services," DeFazio continued. "Frankly, I am astounded that the Republicans would choose to make this debate about energy policy, rather take advantage of an opportunity to advance a bill to help stave off the pending economic crisis facing our rural counties. Instead, they sided with the already profit rich oil and gas companies."

The primary objections to the bill were based on the offset used to pay for the bill. The bill would close a loophole in 1998-1999 oil and gas leases under which oil companies have not been paying royalties to the U.S. government for oil and gas extracted from federal lands. A few companies like Shell, BP, and Conoco have voluntarily renegotiated contracts and are now paying fair royalties. However, others like Exxon-Mobil have not renegotiated, have not been paying royalties to the federal government, are making obscene profits, and are gouging consumers at the pump. This bill would allow the government to reinstate lawful charges against

those companies and it would assure the future of more than 600 counties, over 4,000 school districts, and 7,000 teachers around the country.

Members and staff worked for three years in bi-partisan, bi-cameral meetings to find offsets acceptable to all parties. They considered reams of proposed offsets but, unfortunately, those efforts were ultimately unsuccessful and the program expired in September 2006 under a Republican President and Republican-controlled Congress. Last year, the Democratic majority included a one-year extension of the county payments program in an emergency spending bill. The offset in H.R. 3508 has been approved by the House three times previously in this Congress. Forty-eight Republican members have voted for legislation using the offset. Additionally, 14 Republican members cosponsored the bill after it was approved by the House Natural Resources Committee with the same offset. In January, Rep. DeFazio and Rep. Walden sent a joint letter to House Majority Leader Steny Hoyer asking him to schedule a floor vote on H.R. 3058. And on May 1st the Minority Whip, Rep. Roy Blunt and Rep. Walden went to the House floor and asked Rep. Hoyer to schedule a vote on H.R. 3058.

The only change made to H.R. 3058 from the time the House Natural Resources Committee approved it in December, 2007 and when it was debated yesterday, is that mandatory payments-in-lieu-of-taxes (PILT) payments were removed. PILT isn't an expiring program and added \$1.3 billion to the overall cost of the bill. DeFazio felt it was prudent to strip that provision from the bill since the President threatened to veto the bill due to the cost and the mandatory PILT provisions. On the other hand, the expiration of county payments is an emergency. The State of Oregon currently receives \$250 million a year from the county payments program, while the enhanced PILT provisions would have provided less than \$6 million a year for Oregon.

"This is not the outcome I had hoped for, but I won't give up," DeFazio continued. "I will continue to push to keep the \$400 million in the emergency supplemental, and I will continue to pursue every possible legislative vehicle to move an extension of county payments in this Congress. Unfortunately, we may have to wait to work with the next President to find a solution since President Bush threatened to veto this bill."

The Secure Rural Schools and Community Self-Determination Act expired in 2006 on President Bush's watch with a Republican-controlled Congress. Last year, the Democratic Congress gave counties a one-year extension while Congress continued to work on a longer-term solution. The county payments program provides nearly \$280 million a year to 33 Oregon counties for critical services like schools, roads and law enforcement. Counties receiving funding under the program have a high proportion of federally-owned lands. Prior to the enactment of the county payments program, they had received a percentage of receipts from timber harvests, which

fluctuated from year to year. However, harvest levels decreased precipitously in the late 1990s due to changes in federal forest policy. Congress passed the Secure Rural Schools and Community Self-Determination Act in 2000 to help stabilize these payments and ensure proper funding for vital county services.