United States Senate
BUDGET COMMITTEE

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**Budget Committee Chairman Judd Gregg Raises Point of Order
In Response to Energy Bill Amendment**

Senate Budget Committee Chairman Judd Gregg today cited the Budget Act in objecting to an amendment to the Energy bill (H.R. 6) offered by Senator Domenici on behalf of Senators Mary Landrieu, David Vitter and others. The Bush Administration also opposes the amendment and supports the Chairman's objection in order to maintain budget discipline.

"Just two months ago, Congress just adopted a tough budget that cuts the federal deficit in half by 2009. Now this amendment creates a new $1 billion entitlement program that does a U-turn – it would bust the budget and raise the deficit," said Chairman Gregg. "Instead of subjecting this spending to the appropriations process, the amendment would create new direct spending. In fact, it would spend more money on six select states than the underlying Energy bill does for all other states combined.

"In addition, the amendment is not related to the underlying goals of the Energy bill – increased U.S. energy independence, energy conservation, security, efficiency and production. It earmarks entitlement spending on these six states which already receive healthy amounts of royalties, taxes and restoration funds. For example, every time a lawnmower is started anywhere in the country, 70 percent of the tax on the fuel being used goes to Louisiana for wetlands restoration – that generated $51 million for the state just last year."

At the request of the Energy Committee Chairman, the Senate Budget Committee worked to include a $2 billion reserve fund in the FY06 Budget Resolution (H. Con. Res. 95) specifically for increased U.S. energy independence. The Energy Committee subsequently notified the Budget Committee that approximately $800 million of the reserve fund would be needed to accommodate the cost of the reported bill, so that was the amount Chairman Gregg allocated to the Committee for the bill.

The amendment, with its $1 billion in entitlement spending over five years, breaches the bill's allocation and violates section 302(f) of the Budget Act, subjecting it to a point of order.

These six coastal states already receive 100 percent of the royalties within a three-mile radius of their coasts, and 27 percent of federal royalties paid on offshore production in federal areas between three and six miles (within sight) of the coast under the Submerged Lands Act of 1953. Last year, Louisiana reported collecting more than $852 million in royalties and severance taxes within the three-mile limit. Its share of royalties from the next three miles was $38 million.

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