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STATES NO LONGER PAY ADMINISTRATIVE

COSTS ASSOCIATED WITH MINERALS PRODUCED ON FEDERAL LANDS

President Clinton has signed Public Law 106-393 that ensures mineral producing States receive their full share of royalties from minerals developed on federal lands within their borders. Previously, states were required to help pay for administrative costs associated with minerals leasing. This process was referred to as "net receipts sharing".

"Ending net receipts sharing is good news for mineral rich states. This fiscal year alone we estimate that an additional \$20 to \$22 million will be disbursed to these states. Rather than having to pay part of the federal administrative costs, these states will receive their full share of the revenues for minerals produced on federal lands," said the Minerals Management Service Director Walt Rosenbusch.

Thirty-two states have minerals leasing activities on federal lands within their boundaries. All of these states will benefit from this new law with Wyoming, New Mexico, Colorado, Utah, and Montana receiving the most benefits. During FY 2000, the following administrative costs were deducted from their share of federal mineral revenues:

New Mexico	5.6 million
Colorado	2.3 million
Wyoming	\$ 7.4 million
Utah	1.9 million
Montana	1.0 million

With the repeal of net receipts sharing, states can expect to receive an increase in federal mineral revenues commensurate with amounts previously deducted.

The Forest Service and Bureau of Land Management oversee mineral leasing activities, and the MMS is responsible for the collection and distribution of royalties. The monies are distributed by the MMS directly to state treasuries for the individual states. The revenues are often used for schools, roads and other public works.

MMS is the federal agency that manages the Nation's natural gas, oil and other mineral resources on the Outer Continental Shelf. The agency also collects, accounts for, and disburses over \$5 billion per year in revenues from federal offshore mineral leases and from onshore mineral leases on federal and Indian lands.

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