



Legislative Bulletin.....June 25, 2014

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H. R. 6 – Domestic Prosperity and Global Freedom Act

**H. R. 6 – Domestic Prosperity and Global Freedom Act
(Rep. Gardner, R-CO)**

Order of Business: The bill is scheduled to be considered on June 25, 2014, under a structured [rule](#) which provides one hour of general debate equally divided and controlled by the chair and ranking minority member of the Committee on Energy and Commerce.

Summary: [H. R. 6](#) would amend the [Natural Gas Act of 1938](#) by directing the Department of Energy to issue a decision on an application for the authorization to export natural gas within 90 days after the enactment of the Act or after the end of the comment period for that decision. The report (H. Rept. 113-477) accompanying H. R. 6 can be found [here](#).

Section 2 of the legislation mandates that the Department of Energy, which regulates imports and exports of natural gas, must issue a decision on an application to export natural gas under section 3 of the Natural Gas Act no later than 90 days after either the end of the period for an application that has been noticed in the Federal Register or the date of enactment of this Act, whichever of these actions comes later. Section 2 would also grant exclusive jurisdiction to the United States court of appeals for the circuit in which the export facility will be located over any civil action for the review of a Department of Energy order regarding an application to export, or inaction on an application. If that Court finds that the Department has failed to issue a decision, then the Court would order the Department to issue one expeditiously.

Section 3 amends the Natural Gas Act to provide that the applicant for authorization to export Liquid Natural Gas (LNG) must publicly disclose the specific destination or destinations of the authorized LNG export.

Additional Information: According to the House Energy and Commerce Committee, U.S. natural gas exports have increased over the last decade, and are expected to continue to rise in the near future to respond to growing demand, while sustaining domestic needs. In February, 2014, the House Energy and Commerce Committee released a [report](#) on the global benefits of U.S. LNG exports which concluded that LNG exports offer the opportunity for the U.S. to improve the domestic economy while providing allies and trading partners an affordable and secure energy source. Several news publications have also recently published [opinion pieces](#) on

the geopolitical benefits of increasing U.S. natural gas exports as a way to hedge against Russian economic influence in Eastern and Western Europe, in light of the recent Russian forced annexation of Crimea and the country's use of its state-run gas company, Gazprom as a foreign policy weapon.

According to a [study](#) commissioned by the Department of Energy on liquid natural gas exports, LNG exports would result in net gains for the U.S. economy, including job growth associated with the building of new export facilities, and the opening of new markets for U.S. natural gas. According to a [study](#) commissioned by ICF on behalf of the American Petroleum Institute, liquid natural gas exports are expected to contribute around 665,000 net job gains by 2035. The House Energy and Commerce Committee released a [FAQ](#) and fact sheet on the bill which can be found [here](#).

[Heritage Action](#) supports H. R. 6 and will include it as a vote on its legislative scorecard. The [National Association of Manufacturers](#) has also expressed support for the bill and released a [report](#) on the exporting of LNG and coal in November 2013. The National Taxpayers Union has also issued a letter of [support](#).

Committee Action: H. R. 6 was introduced on March 6, 2014 and was referred to the House Committee on Energy and Commerce. The bill was then amended and reported out on June 19, 2014.

Administration Position: No Statement of Administration Policy is available.

Cost to Taxpayers: Based on information from the Department of Energy, the Congressional Budget Office estimates that enacting H.R. 6 would not significantly affect the federal budget. The bill would not materially alter the Department's regulatory responsibilities under the Natural Gas Act, and the Congressional Budget Office (CBO) estimates that any change in the Department of Energy's administrative costs, which are subject to the availability of appropriated funds, would be negligible because of the small number of permits involved. H.R. 6 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. The CBO's estimate can be found [here](#).

Does the Bill Expand the Size and Scope of the Federal Government?: No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: H.R. 6 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. The bill would impose a private-sector mandate, as defined in UMRA, on entities seeking Department of Energy approval to export natural gas. The Natural Gas Act requires entities seeking to export natural gas to obtain approval from the Department of Energy. The bill would require that applicants, as a condition for approval, publicly disclose the countries that would receive the exports. According to the Department, fewer than 100 applications have been approved or are pending for export of natural gas as of March 2014. Because the number of applications for export is small and the cost to disclose destination countries is low, the Congressional Budget Office estimates that the cost of the mandate would fall well below the

annual threshold established in UMRA for private-sector mandates (\$152 million in 2014, adjusted annually for inflation).

Constitutional Authority: Congress has the power to enact this legislation pursuant to the following: Article I, Section 8, Clause 3 of the United States Constitution.

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AMENDMENTS MADE IN ORDER

1. **Gardner (R-CO), Green, Gene (D-TX)**. (Manager's Amendment) This amendment strikes the subsection requiring a 90 day decision deadline and replaces it with a 30 day decision deadline requiring the Department of Energy (DOE) to issue a final decision on applications to export Liquid Natural Gas (LNG) following the conclusion of the National Environmental Policy Act (NEPA) environmental review of the LNG facilities. For the purposes of the 30 day decision deadline, the NEPA review would be considered concluded: for a project requiring an Environmental Impact Statement, 30 days after publication of a Final Environmental Impact Statement; for a project for which an Environmental Assessment has been prepared, 30 days after publication by DOE of a Finding of No Significant Impact; and upon determination by the lead agency that an application is eligible for a Categorical Exclusion pursuant to NEPA.
2. **Holt (D-NJ), Quigley (D-IL)**. This amendment requires the Secretary of Energy, before approving any natural gas exports, to make a public interest determination in consideration of how exports will affect domestic natural gas prices, jobs and manufacturing, and other factors.
3. **DeFazio (D-OR)**. This amendment requires an applicant to disclose any intention to use eminent domain for any construction necessary for LNG exports.
4. **Turner (R-OH), Ryan, Tim (D-OH)**. This amendment expresses the sense of Congress that it is in the public interest of the United States to approve the export of U.S. natural gas under section 3 of the Natural Gas Act. According to the amendment's sponsor, increasing U.S. natural exports will introduce a new pricing mechanism for the global market and reduce Russia's ability to use natural gas pricing as a political weapon.