The original documents are located in Box 120, folder "Outer Continental Shelf Oil Revenues" of the Ron Nessen Papers at the Gerald R. Ford Presidential Library.

March 14, 1975

SUBJECT: OCS REVENUE SHARING

Has the President made any final decisions on sharing Outer Continental Shelf revenues with the states?

GUIDANCE: Under current law, revenue from OCS lease sales and royalties go to the Federal treasury. This is based on the fundamental principle that the Outer Continental Shelf is a national resource owned by all the people of the nation.

However, the Supreme Court has just ~~is preparing to~~ handed down a decision in what is called the "Maine case". A group of Eastern states filed suite requesting that they be given a share of the revenues from oil taken off their coasts. ~~and therefore, I would not anticipate any change in the President's position until the Supreme Court gives its decision in the Maine case.~~

Sup. Crt ruled in favor of Fed. Govt — Revenues belong to all.

~~If the Court rules in favor of Maine and the other states, will the President then agree to OCS revenue sharing with the states?~~

~~GUIDANCE: I don't feel I should be in the position of prejudging how the Supreme Court will rule, so can offer you no further information at this time on this. Before the President can make a final decision in this area, it is important that he know the Supreme Court decision.~~

JGC

March 3, 1975

SUBJECT: SHARING OCS REVENUES

Has the President decided to share Outer Continental Shelf Oil revenues with the states?

GUIDANCE: The matter of sharing OCS oil revenues with Coastal States has come up frequently over the past few years. Under current law, revenues from OCS lease sales and royalties go to the Federal Treasury. This is based on the fundamental principle that the OCS is a national resource owned by all the people of the nation. (OCS begins at the three mile limit. Inside three miles, the states own the land and get the revenues.)

However, the President has asked Secretary Morton to review this area and prepare options for him to see if there should be a change in government policy. Once Secretary Morton does make his recommendations to the President, it will be reviewed and analyzed by the President and his staff. (See attached guidance from February 4.)

JGC

February 4, 1975

SHARING OCS REVENUES

Question:

Which of the options developed by the Interior Department for sharing Outer Continental Shelf revenue with the States does the President favor?

Answer:

The matter of sharing OCS revenues with coastal states has come up frequently over the past few years. Under current law, revenues from OCS lease sales and royalties go to the Federal Treasury. This is based on the fundamental principal that the OCS is a national resource owned by all the people of the Nation and the revenue should, therefore, accrue to the benefit of all the Nation's citizens -- those in Iowa and Montana as well as on the coast. This policy has prevailed throughout the more than 20 years successful OCS development off the Gulf Coast.

It should note three other points:

- If part of the OCS revenue which now goes to the Federal Treasury were given to coastal states, that Federal revenue would have to be replaced by taxes.
- Shoreside development that does occur as the result of OCS development increases the State and local tax base and therefore has a beneficial rather than detrimental economic impact.
- The Federal government has already increased planning assistance to the coastal states and will be working closely with the states to help assure orderly preparations for any onshore development.

For these reasons the Administration has taken the position that existing law should not be changed.

We are aware that Secretary Morton has asked his people to take another look at the question, but the Secretary has not recommended any change in position to the President. If he does make such a recommendation, the President will of course, consider it fully.

Note: OCS begins at the 3 mile limit. Inside 3 miles, the states own the land and get revenues.

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