



July 2006 Congressional Update

Offshore Oil and Gas Exploration

H.R. 4761 - Deep Ocean Energy Resources Act of 2006

Title: To provide for exploration, development, and production activities for mineral resources on the outer Continental Shelf, and for other purposes.

As we understand the proposed provision, the area from 0-3 miles offshore is totally under state control and would not be affected. Exploration in the area 3 - 50 miles offshore would be permanently prohibited unless a State elects otherwise. **50 - 100 miles offshore is the area where states would have a one year decision time period for natural gas and three year time period for oil. If no decision is forthcoming, then it will be construed as an approval for exploration within this area.** Decisions in waters 100-200 miles offshore would be up to the **Federal government only**, under this legislation. **The bill passed the House last Thursday (6/29) by a vote of 232-187.**

States would receive 42% of the **royalties** if extraction occurs in the 12 - 200 mile range and 63% if extraction occurs in the 3 - 12 mile range.

National Flood Insurance Program

H.R. 4973 - Flood Insurance Reform and Modernization Act of 2006

Title: To restore the financial solvency of the national flood insurance program, and for other purposes.

The House easily passed legislation Tuesday (6/27) that would **overhaul the federal flood insurance program**, after adopting an amendment that goes further than the underlying bill would toward eliminating subsidies in the program.

The measure passed, 416-4, including all members of the NC delegation. Debate proceeded rapidly. House members overwhelmingly praised the bill while reiterating the continuing need for a federal flood insurance program. The bill now goes to the Senate for action.

Some experts say the inability of the National Flood Insurance Program (NFIP) to pay flood claims from its insurance premiums is partly because 25 percent of properties pay subsidized insurance premiums. We believe that even in that case, **coastal property owners pay much more** than inland property owners as a ratio of payouts from the program following disasters.

The subsidies apply to older structures built before modern flood insurance rate maps. The bill phases out subsidies **only for second homes, vacation homes and commercial property**. The bill permits premiums to rise 15 percent a year until they reach rates that reflect the risk of flooding.

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