

SECTION-BY-SECTION SUMMARY

Section 1 – Short Title

The Act is titled the “Fair Returns for Public Lands Act of 2020.”

Section 2 – Royalty Rate

Increases the standard federal onshore oil and gas royalty rate from 12.5 percent to 18.75 percent.

Section 3 – Minimum Bid Amount

Increases the federal onshore oil and gas national minimum bid amount from \$2 per acre to \$10 per acre. Gives the Secretary of the Interior discretion to set a minimum bid higher than the national minimum bid on a per-sale or per-lease basis.

Section 4 – Rental Rates

Increases the federal onshore oil and gas rental rate from \$1.50 per acre for the first five years and \$2 per acre for the remainder of the lease to \$3 per acre for the first five years and \$5 per acre for the remainder.

Section 5 – Fees for Expressions of Interest

Requires the Secretary of the Interior to charge a fee for expressions of interest (informal lease nominations) in an amount sufficient to cover administrative costs, but no less than \$15 per acre of land nominated.

Section 6 – Inflation Adjustment

Requires the Secretary of the Interior to adjust the rates contained in the bill for inflation at least once every four years. Requires the Secretary of the Interior to adjust the dollar amounts (minimum bid and rental rates) contained in the bill any time the Secretary finds higher amounts necessary to enhance financial returns or to promote more efficient management of oil and gas resources.

Section 7 – Rates for Reinstated Leases

Subsection (1A) – Future Rental Payments: Eliminates the distinction in rental rate currently charged for reinstated competitive leases (\$10 per acre) and reinstated noncompetitive leases (\$5 per acre). Establishes a rental rate of \$20 per acre that applies to all reinstated leases.

Subsection (1B/C) – Future Royalty Payments: Eliminates the distinction in royalty rate currently charged for reinstated competitive leases and reinstated noncompetitive leases (16 2/3 percent for both, but with scaled, upward adjustment for competitive leases). Establishes a minimum royalty rate of 25 percent, scaled upward in the same way that is currently done only for competitive leases, that applies to all reinstated leases. Eliminates a \$500 cap on the payment a lessee must make to reinstate a lease, to compensate for administrative costs.

Subsection (2) – Oil Placer Claims: Increases the rental rate for federal onshore oil placer claims from \$5 per acre to \$10 per acre. Increases the royalty rate for federal onshore oil placer claims from 12.5 percent to 25 percent.

Section 8 – Fiscal Reform Study

Requires the National Academy of Sciences, along with the Comptroller General, to complete a study within 3 to 5 years evaluating the efficiency and effectiveness of the bill’s implementation, including the Interior Department’s handling of payments, stewardship of receipts, and valuation approach, and whether other approaches could better capture revenue.