have you; what is desired is some portion of the receipts from Federal resources in the area outside those States.

"Mr. President, so far as I am concerned, if I did not stand on my feet and oppose this amendment, I would feel I was guilty of bad faith to the United States Senate. *I do not believe there is a Senator who did not understand, when we passed the submerged lands bill, that we were excluding from its operation any interest on the part of those States in any area outside their boundaries. I intend to stand unequivocally upon that principle as it was enunciated here, at least by the acting chairman of the committee, when the submerged lands bill, Senate Joint Resolution 13, was before the Senate.*"

We are not aware of any circumstances existing today that would support the complete reversal proposed by S. 1826 of the 1953 express congressional policy which was established after full consideration and debate.

In regard to the revenues derived from Shelf activities, we would like to make two comments:

First, only a few days ago this Department strongly endorsed S. 1401 with amendments which would place about 20 percent of the prospective income from the Outer Continental Shelf into the land and water conservation fund. S. 1826, however, would prevent us from using these revenues. We believe that this would be extremely unfortunate, as there is a definite need to strengthen the fund for the benefit of the people of all the States by assuring it a new source of revenue. S. 1401 supplies this need. We believe that it is one of the most vital pieces of conservation legislation to be considered by the Congress this year.

Second, the States would receive a substantial payment on a semi-annual basis from earmarked funds with no method of control through the normal budget-appropriation process. This payment would be totally unrelated to any demonstrated social or economic program need. This type of a Federal payment program eliminates all flexibility that the President and the Congress normally have in determining priorities in the budget-appropriation process. We consider this approach to providing Federal financial assistance to the States very undesirable.

Conservation Measures.—We are strongly opposed to removing from the Government and handing over to individual States authority to prescribe, as a Federal responsibility, conservation measures involving, among other things, the rate of production from the shelf and inland Federal lands. This is, in our view, doubtful from a constitutional standpoint and unsound as a policy matter. The Federal Government must be able to adopt and apply Federal laws, regulations, and policies to these lands consistent with the various program needs. There must obviously be consultation and coordination between the Federal Government and the States in such matters, but the abdication of responsibility by the United States called for by S. 1826 over what is, after all, the Nation's property cannot be reconciled with the Federal system prescribed by the Constitution. The constitutional issues are fully discussed in the report of the Department of Justice in whose views we concur.

Mineral Leasing Act Revenues.—Section 35 of the Mineral Leasing Act of February 25, 1920, as amended (30 U.S.C. 191), provides for the disposition of all money received from royalties and rentals from leases issued under that Act. Under that section receipts are divided three ways: 37½ percent being paid to the State within the boundaries of which the leased lands or deposits are located, 52½ percent to the reclamation fund, and 10 percent to the Treasury of the United States as miscellaneous receipts. Each State is required to use its 37½ percent of the receipts for the construction and maintenance of public roads or for the support of schools or other public educational institutions.

Receipts from leases in the State of Alaska are treated similarly except that, instead of 52½ percent being assigned to the reclamation fund, 52½ percent is paid to the State for disposition by its legislature as it deems advisable. This 52½ percent is in addition to the 37½ percent noted above and thus the State of Alaska receives 90 percent of the receipts from mineral leasing within its borders.

We believe that before any attempt is made, by amendment of the Mineral Leasing Act, to increase the present revenue distribution to the States in which federally owned minerals are produced considerable study and evaluation should be made of both the various methods of distribution and the objectives to be attained. Adequate study of this has not been made to date. Even upon completion of study of this complex issue, the executive branch would require extensive review of the many views which would undoubtedly be expressed before any final position could be obtained on the issue. The States which are the principal re-