

Net Receipts Sharing

States share in the distribution of revenues derived from the Federal onshore mineral leasing program. Formulas for these disbursements are governed by legislation and regulations. See [Formulas for the disbursement of revenues from Federal and American Indian mineral leases](#).

Congress mandated that States pay for a portion of the Federal cost to administer the Federal onshore mineral leasing program beginning in Fiscal Year (FY) 1991. Congress initially pursued this mandate through appropriations language that required a specific amount be withheld each fiscal year from payments to States to cover the State share of costs to administer the program.

In 1993, Congress passed legislation to make Net Receipts Sharing (NRS) permanent through the Omnibus Budget Reconciliation Act. The State share of NRS costs was computed using the *lesser* of two calculations:

- **Revenue Method** - This method allocated costs based upon disbursements to each State as a percentage of total disbursements to all Federal onshore States. For example, a State may have received 25 percent of all Federal onshore disbursements to the States and was subsequently assessed 25 percent of the State NRS costs.
- **Cost Method** - This method accumulated costs incurred to administer the Federal onshore mineral leasing program by State.

Three Federal organizations performed functions associated with the onshore mineral leasing program:

- Bureau of Land Management, U.S. Department of the Interior;
- Minerals Management Service (MMS), U.S. Department of the Interior; and
- U.S. Forest Service, U.S. Department of Agriculture.

Each organization developed and was responsible for its individual cost estimates. Each organization calculated individual costs based on enacted appropriation from the prior year. For example, FY 2000 deductions were calculated from FY 1999 appropriations. The costs were consolidated by MMS and deducted from monthly mineral disbursements to the States.

Public Law 106-393, signed by the President on October 30, 2000, repealed net receipts sharing. No further administrative costs were withheld from payments to States beginning in October 2000, the first month of FY 2001.