



OREGON'S SENATOR JEFF MERKLEY

Resourcing Workforce Investments, Not Drilling (ReWIND) Act

Even as an unprecedented number of American families and small businesses face dire economic struggles, President Trump and Republicans in Congress are trying to funnel valuable *COVID-19 Aid, Relief, and Economic Security (CARES) Act* resources to bail out oil, gas and coal companies. America's small businesses, including renewable energy companies, are facing hardship because of a dramatic, unexpected loss of business due to a global pandemic. Already the administration has pushed the Federal Reserve Board to alter its Main Street Lending Program to benefit the oil and gas industry, allowing *CARES* funds to be used to refinance prior debt unrelated to the current pandemic. And the Trump administration has made it clear that its support will not end there.¹ Without additional oversight and restraints, the Trump administration could use the *CARES Act* to transfer enormous amounts of wealth from taxpayers to oil companies.²

The *Resourcing Workforce Investments, Not Drilling (ReWIND) Act* will stop President Trump's bailout of the fossil fuel industry and protect resources for America's small businesses and workers.

The *ReWIND Act* precludes fossil fuel companies from receiving loans and loan guarantees from \$500 billion administered by the Treasury and Federal Reserve under the *CARES Act*.

Why: President Trump has promised that he will “never let the great U.S. Oil & Gas Industry down,”³ while Secretary Mnuchin is looking at “setting up a lending facility for the [oil and gas] industry.”⁴ The Fed has already expanded eligibility for its Main Street Lending Programs at the industry's request, to force the American public to pay off decades of a decade's worth of bad debt for fossil fuel companies and Wall Street banks.⁵ The *ReWIND Act* would end this destructive taxpayer funded bailout.

The *ReWIND Act* prohibits banks and other financial institutions that take advantage of *CARES Act* Title IV provisions—including debt guarantees, additional borrowing authority, loans or loan guarantees—from operating or making new equity investments in fossil fuel companies for two years.

Why: Banks are experiencing losses in their energy portfolios⁶ and setting up independent companies in preparation for owning and operating distressed oil and gas assets. This could destabilize the financial

¹ SecBrouillette. (2020, April 30). Great news out of the Fed today in support of struggling U.S. energy companies. At the direction of President @realDonaldTrump, I will continue to work with Secretary @stevenmnuchin1 to provide other relief to the industry and fill our strategic reserves. [Tweet]. <https://twitter.com/SecBrouillette/status/1256004407566708737>

² Institute for Energy Economics and Financial Analysis. (2020, January 16). *IEEFA report: Oil majors live beyond their means – can't pay for dividends, buybacks* [Press release]. Retrieved May 4, 2020, from <https://ieefa.org/ieefa-report-oil-majors-live-beyond-their-means-%E2%80%92-cant-pay-for-dividends-buybacks/>

³realDonaldTrump. (2020, April 21). We will never let the great U.S. Oil & Gas Industry down. I have instructed the Secretary of Energy and Secretary of the Treasury to formulate a plan which will make funds available so that these very important companies and jobs will be secured long into the future! [Tweet]. <https://twitter.com/realDonaldTrump/status/1252591306028785667>

⁴ Mohsin, S. (2020, April 23). Mnuchin Weighs Lending Program for Struggling Oil Companies. *Bloomberg*. Retrieved May 4, 2020, from <https://www.bloomberg.com/news/articles/2020-04-23/mnuchin-weighs-lending-facility-for-struggling-oil-companies>

⁵ Dlouhy, J. A., & Natter, A. (2020, May 1). Fed Changes Open Door for More Drillers to Get Loans. *Bloomberg*. Retrieved May 4, 2020, from <https://www.bloomberg.com/news/articles/2020-04-30/fed-opens-door-for-oil-company-loans-after-lobbying-campaign>

⁶ Moise, I. (2020, April 30). Exclusive: Wells Fargo shifts energy bankers to focus on bankruptcies. *Reuters*. Retrieved May 4, 2020, from <https://www.reuters.com/article/us-wells-fargo-energy-bad-loans-exclusiv/exclusive-wells-fargo-shifts-energy-bankers-to-focus-on-bankruptcies-idUSKBN22C3J6>

system and use public funds to prop up a flawed, debt-ridden business model.⁷ Bank ownership of physical commodities has an established history of leading directly to corrupt activity and market manipulation.⁸ U.S. taxpayers should play no part in subsidizing a business model that is risky at best and corrupt at worst.

The *ReWIND Act* places a moratorium on new federal fossil fuel lease sales until the COVID-19 National Emergency is over.

Why: Despite the global pandemic and an oil price crash, the Department of Interior (Interior) continues to rush forward with oil and gas lease sales and drilling permits. For example, on March 18, as millions of Americans were adhering to stay-home orders, Interior offered to lease 78 million acres in federal Gulf of Mexico waters for oil drilling. Interior is also considering controversial lease sales in Utah that would threaten Arches, Canyonlands and Capitol Reef National Parks. At a time when there is already a historic glut of oil on the market, and it is impossible for many to weigh in on proposed leases, any new leases should be put on hold.

The *ReWIND Act* caps the Strategic Petroleum Reserve (SPR) at its current physical limit of 714.5 million barrels, and clarifies that privately owned oil cannot be stored in the SPR.

Why: The Trump administration wants to use the SPR to inflate oil prices. For instance, in March, President Trump requested \$3 billion to buy oil for the SPR, and Majority Leader Mitch McConnell included it in his initial version of the *CARES Act*.⁹ Secretary Mnuchin later suggested \$20 billion for the SPR.¹⁰ President Trump has also proposed paying oil companies to not produce by designating their resources as an untapped part of the SPR.¹¹ The *ReWIND Act* makes it clear that the SPR cannot be used to raise prices in order to prop up failing oil companies.

The *ReWIND Act* eliminates the president's authority to use Title III of the *Defense Production Act* to provide loans or loan guarantees to fossil fuel companies, while maintaining the authority for other industries.

Why: The Trump administration explored using the *Defense Production Act (DPA)* to bail out the fossil fuel industry well before the COVID-19 crisis.¹² The National Mining Association has since suggested President Trump use the *DPA* for that purpose during the pandemic¹³—and it remains a risk.¹⁴ The

⁷ French, D. (2020, April 9). Exclusive: U.S. banks prepare to seize energy assets as shale boom goes bust. *Reuters*. Retrieved May 4, 2020, from <https://www.reuters.com/article/us-usa-banks-energy-assets-exclusive/exclusive-u-s-banks-prepare-to-seize-energy-assets-as-shale-boom-goes-bust-idUSKCN21R3JI>

⁸ Kocieniewski, D. (2013, July 20). A Shuffle of Aluminum, but to Banks, Pure Gold. *The New York Times*. Retrieved May 4, 2020, from <https://www.nytimes.com/2013/07/21/business/a-shuffle-of-aluminum-but-to-banks-pure-gold.html>

⁹ Franck, T. (2020, March 13). Trump to buy oil for strategic reserve to aid energy industry: 'We're going to fill it'. *CNBC*. Retrieved May 4, 2020, from <https://www.cnn.com/2020/03/13/trump-asks-energy-department-to-purchase-oil-for-the-strategic-petroleum-reserve.html>

¹⁰ Mohsin, S., & Miller, K. (2020, March 19). Mnuchin Calls for U.S. to Buy as Much as \$20 Billion in Oil. *Bloomberg*. Retrieved May 4, 2020, from <https://www.bloomberg.com/news/articles/2020-03-19/mnuchin-calls-for-u-s-to-buy-as-much-as-20-billion-in-oil>

¹¹ Dlouhy, J. A., & Tobben, S. (2020, April 15). U.S. Weighs Paying Drillers to Leave Oil in Ground Amid Glut. *Bloomberg*. Retrieved May 4, 2020, from <https://www.bloomberg.com/news/articles/2020-04-15/u-s-weighs-paying-drillers-to-leave-oil-in-the-ground-amid-glut?sref=h5EZFUoq>

¹² Bade, G. (2018, May 9). Perry: DOE 'looking very closely' at Defense Production Act to save coal, nukes. *UtilityDive*. Retrieved May 4, 2020, from <https://www.utilitydive.com/news/perry-doe-looking-very-closely-at-defense-production-act-to-save-coal-n/523187/>

¹³ Nolan, R. (2020). [Letter written March 18, 2020 to President Donald Trump, Speaker Nancy Pelosi, Majority Leader Mitch McConnell]. Retrieved May 4, 2020, from https://www.eenews.net/assets/2020/03/20/document_ew_02.pdf

¹⁴ Grandoni, D. (2020, March 30). The Energy 202: Struggling U.S. oil companies hope for more economic help in next coronavirus stimulus package. *The Washington Post*. Retrieved May 4, 2020, from <https://www.washingtonpost.com/news/powerpost/paloma/the-energy-202/2020/03/30/the-energy-202-struggling-u-s-oil-companies-hope-for-more-economic-help-in-next-coronavirus-stimulus-package/5e80ea8c88e0fa101a755313/>

ReWIND Act would bar President Trump from using the *DPA* to bail out fossil fuel industries, while maintaining the *DPA*'s power to assist in other key areas like production of ventilators, masks, and testing equipment.

The *ReWIND Act* eliminates the Secretary of the Interior's authority to lower or waive royalty rates for fossil fuel leases on federal lands and in federal waters.

Why: The Trump administration was considering lowering royalty rates to benefit drillers even before the COVID-19 pandemic.¹⁵ Now, some members of Congress have asked that American taxpayers' share of proceeds from federal lands and waters be lowered,¹⁶ and Secretary of Interior Bernhardt has promised to "quickly process" requests to lower rates for individual companies.¹⁷ A reduction in royalty rates would not only cheat U.S. taxpayers, but also risks bankrupting states dependent on royalty revenues—all while they're suffering from unprecedented economic turmoil during the pandemic. The *ReWIND Act* would protect taxpayers and struggling state governments from being shortchanged.

The *ReWIND Act* ensures the public is able to participate in federal rulemakings by keeping all public comment periods that were underway before the COVID-19 National Emergency open until after the National Emergency has ended. *ReWIND* also suspends new rulemakings not specifically related to COVID-19 until the emergency is over, in order to ensure stop the Trump administration from sneaking through harmful more rules while the public is focused on the pandemic.

Why: The Trump administration is rushing forward with a slate of environmental rollbacks while the public is distracted—as millions of Americans are quarantined at home; are occupied with caring for families; are unable to track rulemaking processes. The Trump administration has finalized the rollback of clean cars standards, refused to lower the legal limit for particulate matter, and undermined protections against toxic mercury pollution, among other deregulatory actions.¹⁸ The *ReWIND Act* will hit pause on these destructive rollbacks, and ensure that the Trump administration is not able to sneak through rulemakings to help special interests, while Americans are distracted by the difficulties of the pandemic.

The *ReWIND Act* is endorsed by: Center for Biological Diversity, Sierra Club, Food & Water Watch Action, Friends of the Earth, Oil Change International, 350.ORG, Climate Justice Alliance, Climate Reality Project, Natural Resources Defense Council, Oxfam America, Greenpeace USA, Oceana, National Parks Conservation Association

¹⁵ Grandoni, D. (2019, November 22). The Energy 202: Trump officials want to cut some oil and gas wells a break on royalty payments in the Gulf. *The Washington Post*. Retrieved May 4, 2020, from <https://www.washingtonpost.com/news/powerpost/paloma/the-energy-202/2019/11/22/the-energy-202-trump-officials-want-to-cut-some-oil-and-gas-wells-a-break-on-royalty-payments-in-the-gulf/5dd6c9f588e0fa10ffd210e0/>

¹⁶ Crenshaw, D., Weber, R. K., Higgins, C., Johnson, M., Flores, B., Roy, C., . . . Cloud, M. (2020). [Letter written March 20, 2020 to David Bernhardt, Secretary of the Interior]. Retrieved May 4, 2020, from https://crenshaw.house.gov/uploadedfiles/3.20.20_letter_to_doi_royalty_suspension_vfinal.pdf

¹⁷ Hulac, B. J. (2020, April 9). Cassidy says Interior will speed waiving of royalty fees for oil firms. *Roll Call*. Retrieved May 4, 2020, from <https://www.rollcall.com/2020/04/09/cassidy-says-interior-will-speed-waiving-of-royalty-fees-for-oil-firms/>

¹⁸ Center for American Progress. (2020, May 1). *4 Ways the Trump Administration Has Made Our Air Dirtier During the COVID-19 Pandemic* [Press release]. Retrieved May 4, 2020, from <https://www.americanprogress.org/issues/green/news/2020/05/01/484380/4-ways-trump-administration-made-air-dirtier-covid-19-pandemic/>