**FML: Federal Mineral Leasing Act Payments**

**One-Line Description:**

The Federal Mineral Leasing Act (FML) controls mining and drilling activities on federal lands, and a portion of leases and royalties are returned to the states in which extraction occurred.

**Short Description:**

Although altered many times since 1920, the FML Act still guides management of mining and drilling activities. It set rules for mining coal, sodium, potassium, and shale oil, and for drilling and capturing petroleum, natural gas, and helium. However, because the law only applies to the federal domain—including offshore drilling—it mainly affects only the eleven states of the Far West plus Alaska. Lease and royalty revenues have been an important resource for the federal treasury and for some states and counties, but the unevenness of mineral geology has ensured that the geography of FML payments produced a patchy landscape of beneficiaries. Some states and counties have enjoyed considerable remuneration, but most public lands counties in the West receive little or no revenues from the program.

**Full Description:**

Until the early 1900s, the federal government only minimally regulated mining and drilling on the public domain. In American legal theory settler claims ran from the soil to the center of the earth. Settlers were able to privatize mineral deposits by patenting land via fee-simple purchases or by filing under the homestead acts. States east of the Missouri River did most of the regulation of mining, and they enjoyed exclusive access to revenues from fees and royalties. In practice the federal treasury received little remuneration. Prospecting for precious minerals, coal, petroleum, and other minerals was still covered only by the General Mining Law of 1872 (PL 42-152). The General Land Office would assess a nominal fee that prospectors paid until they made a strike or abandoned the claim.

By 1900, the United States had an uncoordinated collection of mining laws that most observers agreed were ineffective and inappropriate. Fraud and waste were rampant, and opportunities for abuse seemed legion. Although most legislators and reformers yearned for a more systematic approach to managing natural resources, there was no consensus on how it should be done or by whom. Some favored centralizing management under a rapidly growing federal government, while others wished to transfer authority for the public lands to the individual states. Reform thus came in fits and starts, often at first imposed unilaterally by administrative decree because of the lack of legislative consensus, but in the end everyone in the federal government understood that they needed guiding law.

Federal mineral policy first shifted with President Theodore Roosevelt’s decision in 1907 to withdraw from settlement all coal deposits on the public domain. Roosevelt’s successor Howard Taft later completed the process by withdrawing remaining waterpower and petroleum sites. Congress slowly followed, first by severing surface homestead rights from subsurface mineral rights, thereby permanently reserving the latter as federal resources. The battle then shifted to establishing a policy for managing those resources. Westerners mostly favored the continuation of policies that allowed settlers to patent mineral claims, but most legislators from elsewhere in the country preferred to establish a policy of only leasing these claims. There were many efforts during the 1910s to pass such a bill, but none succeeded as long as the factions continued to fight over the leasing and revenue sharing provisions.

The Federal Mineral Leasing Act of 1920 (PL 66-146) represented the culmination of more than a decade of reform efforts that were, in total, arguably the most important adjustments ever made to federal land policy. For the first time American settlers could only own the soil, and western states would never be able to regulate and tax subsurface mineral wealth in the same way states each of the Missouri River had long enjoyed. Local communities lost most in terms of their ability to control revenues from local mining operations on federal lands.

The history of the Federal Mineral Leasing Act (FML) is important for understanding the complex agendas behind Progressive era conservation legislation. Presidential decrees and congressional acts had little impact on the conservation of mineral resources. The FML did establish a stable framework for managing minerals, becoming the consistent administrative structure for leasing claims. Beyond that, though, the assessment is mixed. During the 1910s, congressional supporters of this legislation portrayed leasing as a way to relieve pressure on federal income taxes and the tariff, but the final sharing formula of the 1920 bill channeled only 10 percent of leasing and royalty revenues to the treasury. Most went to the Reclamation Fund (52.5%) or states (37.5%). Supporters also argued that federal mineral leasing bills would thwart the type of monopolization that plagued Eastern and Midwestern resources, but in practice the presidential withdrawals created a federal monopoly that, combined with the high rates federal administrators set for leasing claims, throttled competition and enabled existing mines to hike prices. Similarly, hopes of curbing fraud backfired with the Teapot Dome Scandal in the 1920s. The most conspicuous shortcoming, though, was that the central premise of rationalizing the extraction of natural resources was never part of the FML Act or any subsequent legislation. The federal government has never practiced long-term planning of mineral extraction.

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