



Committee on Natural Resources U.S. House of Representatives

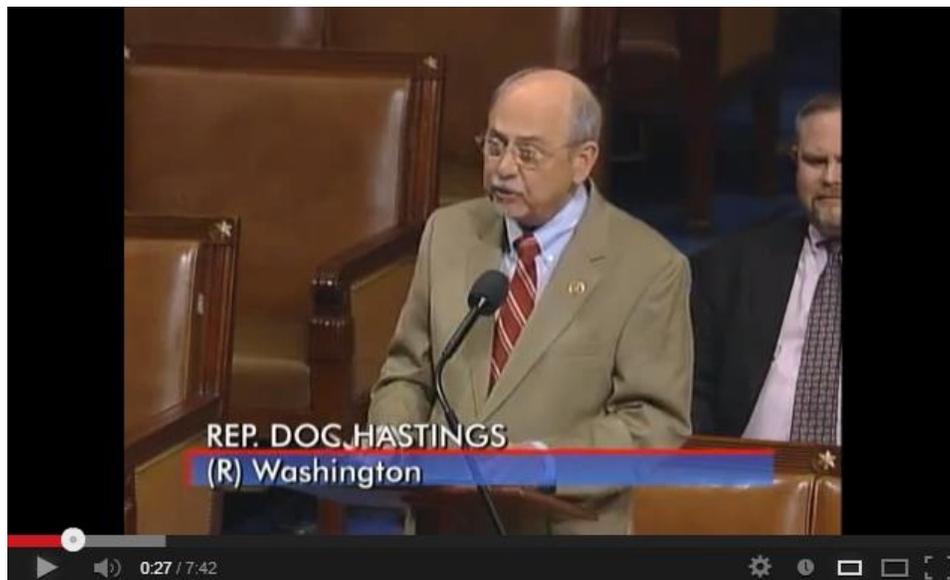
Chairman Doc Hastings

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Chairman Hastings: Congress Must Take Action Now to Prevent Helium Shortage, Protect Jobs and Economy

WASHINGTON, D.C. – House Natural Resources Committee Chairman Doc Hastings (WA-04) delivered the following statement on the House floor in support on H.R. 527, the *Responsible Helium Administration and Stewardship Act*.



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“I rise today in strong support of H.R. 527, the *Responsible Helium Administration and Stewardship Act*. This bill is necessary to protect our economy from an impending helium shortage and to inject free-market principles into the federal helium program.

The Federal Helium Reserve was first created after World War I, when we imagined a world where blimps would be the future of air travel and vital to our national security efforts. Although this took a different course, that didn’t stop the federal government from spending money on this program and stockpiling helium continuously through the 1980s. By the 1990s, it became clear that the Reserve had a declining usefulness and had racked up a \$1.3 billion debt.

In response, Congress in 1996 passed legislation to implement reforms to the program and

require the sale and privatization of the Reserve by 2015, or when the debt is paid off, whichever came first.

However, since this original decision to close the Reserve, both the demand and uses for helium have dramatically changed. This has created a situation where the Reserve's debt will be paid off sooner than expected – nearly 2 years early – in October of this year. But, while the debt will have been paid off, there will still be helium in the Reserve. By law then, the current federal helium program will end and Bureau of Land Management will no longer have the authority to sell the remaining nearly 11 billion cubic feet of helium. It's important to note that the Reserve contains half of our domestic helium supply and 30 percent of the world's helium supply.

If Congress fails to act before October, we will artificially drop the helium supply and cause a global helium shortage that will cost jobs and severely disrupt our economy. Despite what many think, helium is not just used for party balloons. It is essential to our 21st century economy. Without helium we wouldn't have life saving MRI machines, computer chips, fiber optic cables, or other devices used for defense needs.

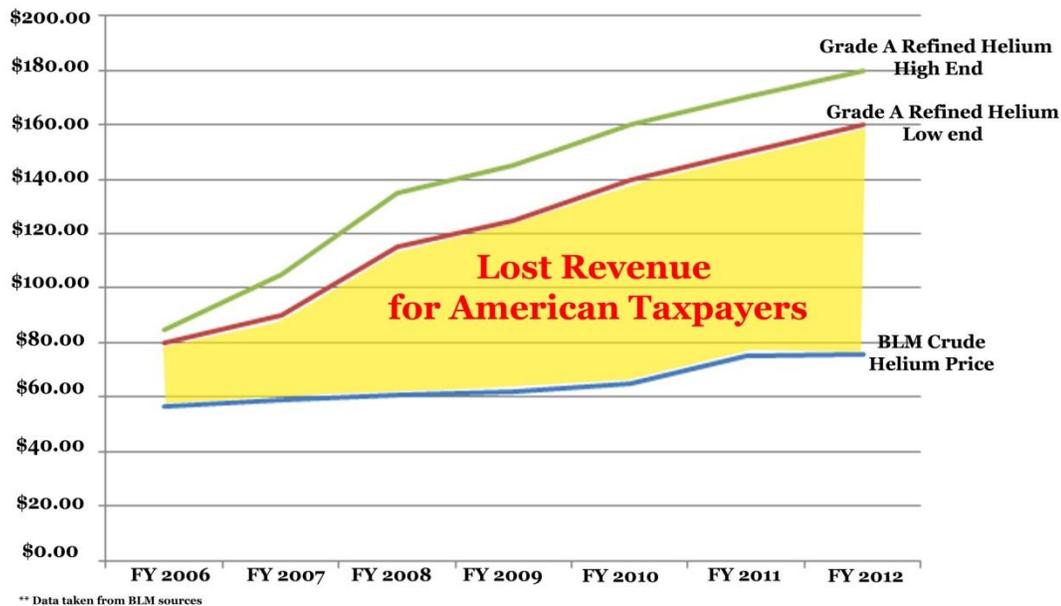
The bill before us today is truly a bipartisan plan that I'm pleased to have worked on with the lead Democrat on our Committee Ed Markey, as well as Committee Members Rush Holt and Bill Flores.

First, this bill would implement a new operating system for the Federal Helium Reserve over the next decade that would include semi-annual actions. This will ensure that we prevent a helium shortage and that the Reserve stays open until nearly all of the helium supply is sold.

Second, it will build on the reforms made in 1996 and inject more free-market principles into the sales process to get a better and fairer return for American taxpayers.

Over the last decade, the federal government has been selling helium from the Reserve significantly below market price. As you can see by this chart based off BLM data, new demands for helium have caused the market price to rise much higher than the federal government's pricing formula and much faster than BLM's ability to track market prices.

Lost Taxpayer Revenue Under Current Federal Helium Program



As a result, this has cost taxpayers tens of millions of dollars. This has been confirmed by reports and testimony from both the Government Accountability Office and the Department of the Interior Inspector General.

In addition, the current program restricts sales to only a few companies through an allotment system that is essentially an oligarchy for federal helium. Nearly 100 percent of our helium supply is being put in the hands of four refiners that directly benefit from the low federal pricing formula, while other competitors are locked out. The current cheap price of helium gives an unfair market advantage to this handful of companies.

Implementing semi-annual helium auctions will inject much-needed competition into the program and help establish a fair market price for helium. According to the Congressional Budget Office, this bill will bring in \$340 million to the Treasury over the next ten years.

The bill also includes important reforms to increase transparency and prevent supply disruptions.

Over 20 groups representing the end-users of refined helium – these are the hi-tech manufacturers of semiconductors, aerospace technologies, medical devices, chemicals, fiber optics, and scientific researchers - have all called for passage of this legislation.

Although this bill enjoys broad, bipartisan support, I do want to take a moment to directly address some concerns that have been raised throughout this legislative process.

First, doing nothing is not an option. While I recognize that many people don't believe that the federal government should be in the helium business, and I would agree, we must

recognize the realities of our current situation. Helium is too essential to our economy to essentially shut off the valve at the Reserve. We need this bill to protect our economy from severe disruptions and provide additional time for new development of alternative domestic helium resources so that our country and economy is prepared for when the Reserve does close. However, this bill will make sure that we are building on the reforms made in 1996 and that we are managing and selling off the helium in a more responsible manner.

Second, maintaining the status quo is not an option. Under conditions in current law, the entire program comes to an end in October. Simply authorizing the continuation of the current program does nothing to address the current issues with the federal pricing formula and the need to implement free-market reforms. We cannot keep selling helium to a handful of companies. Instead, we need an open helium market that encourages more bidders, more competition, and more accurate pricing in order to get the best return for taxpayers. No more lucrative handouts. No more government picking winners. It's time for good ole American competition.

Finally, this bill will do absolutely nothing to interfere with private business contracts and will not create instability within the helium market. With or without this legislation, the existing helium program and existing contracts will all end in October of this year. This bill violates no contracts - because none will exist when certain conditions in current law expire. This is why Congress must act before October to establish a new helium program to finalize the selloff of the helium from the Reserve.

This bill will protect our economy from a harmful helium shortage and implement much-needed reforms to update the Federal Helium Program so that it better reflects the uses and demands for helium in the year 2013.

I urge my colleagues to support this legislation and reserve the balance of my time.”

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