



**William H. Frist, M.D.
Majority Leader
UNITED STATES SENATE**

FACSIMILE COVER SHEET

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COMMENTS: If you have any questions regarding this facsimile please contact Allison Martin at 202-224-9593.

United States Senate

WASHINGTON, DC 20510

July 19, 2004

The Honorable Spencer Abraham
Secretary
Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

Dear Mr. Secretary:

We are writing on behalf of the City of Oak Ridge and Anderson and Roane counties regarding their efforts to work with the Department of Energy to achieve financial self-sufficiency.

The Department has long pursued a national policy of helping our nation's nuclear cities achieve financial self-sufficiency. The Atomic Energy Community Act of 1955 provided special payments to our nation's nuclear cities to mitigate the special burdens created by the presence of large federal facilities that severely impacted basic infrastructure and service capabilities and withdrew significant lands from the local tax base. Various arrangements between the federal government and the nuclear cities have been tailored over the years to address the aforementioned burdens, but such efforts have fallen short in Oak Ridge. The Department's continued control of significant lands in Oak Ridge has imposed greater burdens on the remaining taxable base and discouraged economic growth and development.

In 1985, a new agreement was signed between the Department and the City of Oak Ridge and Anderson and Roane counties with the hope and expectation that financial self-sufficiency might be achieved. The 1985 agreement specifically provided for lump-sum payments and the transfer of 10,405 acres termed "self-sufficiency parcels." The communities accepted lump sum payments in exchange for a commitment from the Department to transfer land for the purposes of establishing a local tax base sufficient to provide the revenues necessary to supplant federal annual assistance payments. Today, 18 years later, many aspects of this agreement remain unrealized. The lands identified in the 1985 agreement have not been transferred to the local governments; and, accordingly, the anticipated enhanced tax base to achieve self-sufficiency has not been realized. In fact, only 23 percent of the self-sufficiency parcels have been transferred by the federal government to the City of Oak Ridge and Anderson and Roane counties.

In light of the continued difficulties experienced by these Tennessee communities, the following language was included in the Fiscal Year 2004 Energy and Water Appropriations bill.

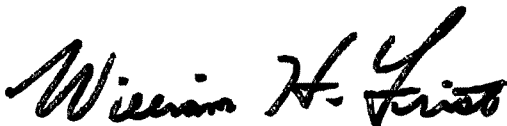
"The Committee is aware of concerns expressed by the City of Oak Ridge and Anderson and Roane counties in the State of Tennessee regarding the level of financial assistance provided by the Department of Energy. As a Manhattan Project atomic energy community, the Department has a special relationship with Oak Ridge. Although the area receives modest support from the Department as part of the Payment in Lieu of Tax program, economic development has been severely limited by extensive Federal ownership of lands, aging infrastructure, and disproportionately high local tax rates. Unfortunately, Oak Ridge has not achieved the level of self-sufficiency envisioned by the Atomic Energy Community Act of 1955. The Committee urges the Department to work with city and county officials to develop a plan to help the Oak Ridge community achieve financial self-sufficiency."

In February of this year, during the Senate Energy and Natural Resources Committee's hearing on the Department's fiscal year 2005 budget, Senator Alexander submitted a written inquiry asking how the Department planned to help the Oak Ridge community achieve financial self-sufficiency. The Department's response, received on May 4th, provided detailed information about previous efforts to help these communities achieve self sufficiency, but failed to address the critical question of how the Department would work with the city and counties to provide meaningful assistance in the future.

The Oak Ridge community believes that the land currently controlled by the Department should produce tax benefits of \$280 per acre, which is comparable to similarly sized Tennessee industrial communities. To reach this goal, we specifically request that the Department develop a viable self-sufficiency plan that may include the transfer of lands identified in the 1985 agreement that have not yet been transferred, the resumption of special assistance payments, or other proposals developed by the Department. We very much hope that the Department will produce a solution or develop a process to resolve this matter by the end of this year or early next year.

The Oak Ridge community strongly supports the Department and its contractors. Tennessee takes great pride in the contributions made by the Oak Ridge National Laboratory and the Y-12 National Security Complex and treasures its relationship with the Department. We thank you for your attention to this matter and look forward to working with you in the weeks and months ahead.

Sincerely,



William H. Frist, M.D.
Majority Leader
United States Senate



Lamar Alexander
United States Senate