



May 7, 2013

## Opening Statement of Chairman Ron Wyden

Thank you all for joining us today for this hearing to receive testimony on S.783, the Helium Stewardship Act of 2013. This is a bipartisan bill that Senators Murkowski and I introduced to create an orderly phase out of the commercial use of the Federal Helium Reserve while preventing the disruption of the helium supply chain upon which major parts of the U.S. economy depend.

While many consumers only contact with helium comes when they are purchasing party balloons, it is a critical resource for a number of key sectors of our economy. Helium is used as a coolant for MRI machines. It's used in semiconductor manufacturing, fiber optics manufacturing, and research and development. It is used to pressurize and purge piping systems, detect leaks, specialized welds, and to improve breathing mixtures for deep sea diving. Substitutes are often unavailable. And the current global supply is constrained.

There have been some misconceptions about the helium program and this legislation to phase it out. What I'd like to do is spend a couple of minutes to talk about what this program is all about.

First, the helium program does not cost taxpayers money. It actually raises money. In fact, phasing it out over the next several years instead of abruptly terminating the program at the end of September will *raise hundreds of millions of dollars*.

Second, our legislation doesn't extend the Federal helium reserve indefinitely. The program will terminate for commercial users when the supply in the reserve falls below 3 billion cubic feet. At the current rate of sales from the reserve, that would occur within the next five or six years.

The Reserve currently supplies 40 percent of the domestic and 30 percent of global helium demand. As our witnesses will discuss this morning, there simply are no practical

alternatives to replacing that supply today. Under our bipartisan legislation, BLM would be directed to phase out commercial sales from the Reserve over the next five or six years. This ought to give all parties the additional time needed to establish alternative sources of helium before the BLM wells go dry.

Current law requires the Federal government to sell off the crude helium remaining in the reserve in order to repay the U.S. Treasury the \$1.3 billion debt that was incurred while creating it. That debt will be fully repaid this fiscal year. As a result, the helium program will terminate in October absent Congressional action. Additional helium supplies were expected to be in place by the time the debt was paid off and commercial sales were terminated. Those supplies simply are not there now. If Congress does not extend operation of the Reserve, there will be significant disruption in a number of sectors of our economy – everything from medical imaging to semiconductor manufacturing. Obviously this is a time when our economy doesn't need any new obstacles to overcome.

The House has already acted. Two weeks ago they passed legislation similar to S.783 by a vote of 394-1. It is important that the Senate proceed as well.

This bipartisan bill has two primary objectives— first to ensure helium market stability for end-users, and to ensure a fair return on this Federal asset to American taxpayers. This legislation strikes the right balance: Providing for an orderly, gradual transition resulting in minimal market disruption to end users and at the same time, it introduces a way to establish a fair market price and transparency measures that will increase the taxpayer return and stimulate investment in private-sector sources.

Our bill calls for an initial auction of 10% of supply and increasing that amount by an additional 10% a year until only 3 billion cubic feet of helium remain in the Reserve. These 3 billion cubic feet will be reserved for future Federal use, for defense, for aerospace, and research experiments that lead to the discoveries that drive economic growth. At the same time it would require the development of a long-term plan for Federal helium purchases.

Helium certainly is not the most high profile natural resource. It is significant, it is central to a well-run economy. This legislation is critical to ensure that we continue on a trajectory for economic growth that protects the jobs of domestic manufacturers and industrial partners as well as Federal users across the nation.