

**DEPARTMENT OF THE INTERIOR  
BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT MANUAL**

**TRANSMITTAL SHEET**

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Version No. 001

Date: **APR 20 2016**

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SUBJECT: Program  
Part 500: General Program  
Chapter 1: Civil Monetary Penalty Inflation Adjustments

**EXPLANATION OF MATERIAL TRANSMITTED:**

This chapter specifies the civil penalty adjustment policy and procedures to comply with the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015.

  
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Margaret N. Schneider  
Deputy Director

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**FILING INSTRUCTIONS:**

**INSERT:**

<u>Part</u>	<u>Chapter</u>	<u>Version</u>
500	1	001

OPR: Safety Enforcement Division

**DEPARTMENT OF THE INTERIOR  
BUREAU OF SAFETY AND ENVIRONMENTAL ENFORCEMENT**

**APR 20 2016**

**Effective Date:**

**Series:** Program

**Part 500:** General Program

**Chapter 1:** Civil Monetary Penalty Inflation Adjustments

**Originating Office:** Safety Enforcement Division

- 1. Purpose.** The purpose of this chapter is to update the Bureau of Safety and Environmental Enforcement's (BSEE) civil penalty adjustment procedures to comply with the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 (the 2015 Act) (Section 701 of Public Law 114-74), passed by Congress on November 2, 2015. The 2015 Act amends the Federal Civil Penalties Adjustment Act of 1990 (Public Law 101-410) and directs federal agencies to adjust most civil monetary penalties through an interim final rulemaking no later than July 1, 2016, and yearly thereafter.
- 2. Background.** The Outer Continental Shelf Lands Act (OCSLA) requires BSEE to review the maximum daily civil penalty assessment for violations of regulations while implementing the OCSLA at least once every 3 years. The 2015 Act requires an adjustment every year. Adjusting every year in compliance with the 2015 Act does not conflict with the OCSLA requirement. Similarly, a review and adjustment process is required at least once every 4 years for the maximum daily civil penalty assessment allowable under the Oil Pollution Act of 1990 for violations of regulations governing financial responsibility; this review under OPA 90, however, is undertaken by the Bureau of Ocean Energy Management.
- 3. Policy.** It is BSEE's policy to make annual adjustments for inflation to civil penalty monetary limits, as specified in the 2015 Act (114 P.L. 74, § 701), and consistent with Office of Management and Budget (OMB) and Department of the Interior guidance. Adjustment reviews ensure that the maximum penalty assessments reflect any increases in the Consumer Price Index as prepared by the Bureau of Labor Statistics, U.S. Department of Labor and therefore keep up with inflation. BSEE relies on the OCSLA and the 2015 Act for the inflation adjustment calculation which reflects any increases in the Consumer Price Index (CPI). The 2015 Act stipulates that calculations will be rounded to the nearest \$1.00 at the end of the calculation process.
- 4. Procedure.** BSEE will reference OMB guidance provided annually to agencies to implement the civil monetary penalty and adjustment requirements of the 2015 Act. The OMB guidance explains agency responsibilities for identifying applicable civil monetary penalties, completing the catch-up adjustment of 2016, making future annual adjustments for inflation beginning in 2017, and performing agency oversight of inflation adjustments. The guidance also establishes specific implementation timelines.

**5. Directives Affected.** The adjustment processes outlined in previous Civil Penalties handbooks of the former MMS are superseded by the processes outlined in this Manual Chapter.

**6. Authorities.**

- a. Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 (Section 701 of Public Law 114-74)
- b. Outer Continental Shelf Lands Act of 1953 as amended by P.L. 106-580 (2000) (43 U.S.C. § 1350)

**7. References.**

- a. OMB Memorandum M-16-06, "Implementation of the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015," (February 24, 2016).

**8. Responsibilities.**

- a. The Director/Deputy Director will ensure that BSEE supervisors and managers adhere to the guidance set forth in this Manual Chapter.
- b. The Chief, Safety Enforcement Division will:
  - (1) Establish and maintain complementary procedures and business rules necessary for full implementation of this BID, including, but not limited to: administrative record requirements and tracking and reporting obligations.
  - (2) Ensure the Bureau meets OMB annual requirements to publish an interim final rule with the initial penalty adjustments (if greater than 1.00 Urban Consumer Price Index adjustment) no later than August 1st of each succeeding year as specified in 114 P.L. 74, § 701.
  - (3) Ensure current implementation guidance provided annually by OMB are followed as well as Departmental reporting requirements.