

2015 Regular Session

HOUSE CONCURRENT RESOLUTION NO. 167

BY REPRESENTATIVE GAROFALO

A CONCURRENT RESOLUTION

To memorialize the United States Congress and the Louisiana Congressional Delegation to take such actions as are necessary to rectify the revenue sharing inequities between coastal and interior energy producing states.

WHEREAS, since 1920, interior states have been allowed to keep fifty percent of the oil, gas, and coal production revenues generated in their states from mineral production on federal lands within their borders, including royalties, severance taxes, and bonuses; and

WHEREAS, coastal states with onshore and offshore oil and gas production face inequities under the federal energy policies because those coastal states have not been party to this same level of revenue sharing partnership with the federal government; and

WHEREAS, coastal energy producing states have a limited partnership with the federal government that provides for them to retain very little revenue generated from their offshore energy production, energy that is produced for use throughout the nation; and

WHEREAS, in 2006 congress passed the Gulf of Mexico Energy Security Act (GOMESA) that will fully go into effect in 2017; an act that calls for a sharing of thirty-seven and five tenths percent of coastal production revenues with four gulf states with a cap of \$500 million per year; and

WHEREAS, the Fixing America's Inequities with Revenues (FAIR) Act would have addressed the inequity suffered by coastal oil and gas producing states by accelerating the implementation of GOMESA as well as by gradually lifting all revenue sharing caps but the legislation died with the close of the previous congress; and

WHEREAS, with the state and its offshore waters taken alone, Louisiana is the ninth largest producer of oil in the United States in 2014 while including offshore oil from federal waters, it was the second largest oil producer in the country; and when taken alone Louisiana was the fourth largest producer of gas in the United States in 2013 while including the Gulf of Mexico waters, it was the second largest producer in the United States; and

WHEREAS, with nineteen operating refineries in the state, Louisiana was second only to Texas as of January 2014 in both total and operating refinery capacity, accounting for nearly one-fifth of the nation's total refining capacity; and

WHEREAS, Louisiana's contributions to the United States Strategic Petroleum Reserve with two facilities located in the state consisting of twenty-nine caverns capable of holding nearly three hundred million barrels of crude oil; and

WHEREAS, with three onshore liquified natural gas facilities, more than any other state in the country, and the Louisiana Offshore Oil Port, the nation's only deepwater oil port, Louisiana plays an essential role in the movement of natural gas from the United States Gulf Coast region to markets throughout the country; and

WHEREAS, it is apparent that Louisiana plays an essential role in supplying the nation with energy and it is vital to the security of our nation's energy supply, roles that should be recognized and compensated at an appropriate revenue sharing level; and

WHEREAS, the majority of the oil and gas production from the Gulf of Mexico enters the United States through coastal Louisiana with all of the infrastructure necessary to receive and transport such production, infrastructure that has for many decades damaged the coastal areas of Louisiana, an impact that should be compensated through appropriate revenue sharing with the federal government; and

WHEREAS, because Louisiana is losing more coastal wetlands than any other state in the country, in 2006 the people of Louisiana overwhelmingly approved a constitutional amendment dedicating revenues received from Outer Continental Shelf oil and gas activity to the Coastal Protection and Restoration Fund for the purposes of coastal protection, including conservation, coastal restoration, hurricane protection, and infrastructure directly impacted by coastal wetland losses; and

WHEREAS, the state of Louisiana has developed a science-based "Comprehensive Master Plan for a Sustainable Coast" which identifies and prioritizes the most efficient and effective projects in order to meet the state's critical coastal protection and restoration needs; and

WHEREAS, the Coastal Protection and Restoration Authority is making great progress implementing the projects in the "Comprehensive Master Plan for a Sustainable

Coast" with all available funding, projects that are essential to the protection of the infrastructure that is critical to the energy needs of the United States; and

WHEREAS, in order to properly compensate the coastal states for the infrastructure demands that result from production of energy and fuels that heat and cool the nation's homes, offices, and businesses and fuel the nation's transportation needs, revenue sharing for coastal states needs to be at the same rate as interior states that produce oil, gas, and coal.

THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby memorialize the United States Congress to take such actions as are necessary to treat mineral and gas production in the Gulf Coastal states in a manner that is at least equal to onshore oil, gas, and coal production in interior states for revenue purposes; and to rectify the revenue sharing inequities between coastal and interior energy producing states in order to address the nationally significant crisis of wetland loss in the state of Louisiana.

BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the presiding officers of the Senate and the House of Representatives of the Congress of the United States of America and to each member of the Louisiana congressional delegation.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE