Louisiana Moves Closer to Gulf Revenue Sharing

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On Thursday, a bill on Gulf revenue sharing that Congressman Bobby Jindal (LA-01) bill (H.R. 4761) helped engineer along with other members of the Louisiana House made its way up the Congressional ladder.

According to Jindal in a written release, his to increase Louisiana's share of energy royalties produced offshore passed the House Resources Committee today with a bipartisan vote of 29 to 9, sending the bill to the full House of Representatives for an expected vote next week.

"With the passage of my bill today by the Resources Committee, Louisiana moved a step closer today to receiving a fair share of oil and gas revenues that would produce annual funding that could be used for coastal restoration, hurricane protection, infrastructure, and levee improvements," Congressman Jindal said. "My bill provides the best chance that Louisiana has ever had in receiving the offshore energy royalties. I look forward to sharing the importance of H.R. 4761 with my colleagues next week as it comes before the full House for a vote."
According to Jindal, H.R. 4761, which was introduced by Jindal in February, would bring Louisiana up to 75 percent of energy royalties produced 3-12 miles offshore, which could mean more than $10 billion for the state in just the first 10 years of the program. Phased in over the next 15 years, the state would receive 50 percent of royalties from 12 miles out to 125 miles. The end result could provide Louisiana with $2 billion each year in royalties when fully implemented.

Jindal stated that Louisiana and other energy producing states have tried repeatedly for more than 50 years to get an equitable share of revenues produced from oil and gas production in the Gulf of Mexico. Even though the Gulf of Mexico produces 30 percent of our domestic supply of oil generating $5-$7 billion in oil and gas revenues every year, the state receives less than one percent of that money, or about $32 million in 2005.

According to his statement, Jindal’s bill gives states the discretion to decide whether to open their coast to drilling and whether to allow drilling for natural gas, oil, or both. The bill places a permanent moratorium on drilling for oil and gas up to 50 miles offshore, unless a state legislature passes legislation to remove itself from the moratorium and allow exploration. From 50-100 miles, states must decide within one year whether to drill for natural gas, and have until June 30, 2009 to decide whether to drill for oil in the area. Waters outside 100 miles would be opened for both
oil and gas drilling.

The bill currently has 110 co-sponsors from 33 states, including the complete House delegations from Louisiana, Mississippi and Alabama.

One of those sponsors is U.S. Representative Charlie Melancon who comments were congratulatory and concerned about the Administration's actions.

"I am very pleased my fellow members of the Resources Committee overwhelmingly agree that states supporting offshore drilling deserve their fair share of the royalties from this industry," said Melancon. "The DOER Act will give Louisiana the funding we need to build a comprehensive hurricane protection and coastal restoration system, shielding our citizens from future hurricanes and repairing the environmental damage our coastline has suffered."

Melancon continued, "I am disappointed with the Administration’s opposition to revenue-sharing provisions in the DOER Act. This is a back-handed attempt to scuttle the compromise we have reached and leave us with nothing accomplished. I urge the Administration to reconsider, not only because it’s a fair deal, but also because it will help the Gulf Coast prepare for future hurricanes."
Regardless, one party who feels she has also played a role and believes she holds a trump card is Governor Kathleen Blanco. In response to the vote, Blanco said, "I am encouraged by the action taken today in the U.S. House Committee on Resources that would allow the sharing of Outer Continental Shelf revenues with coastal oil and gas producing states. I commend Congressmen Jindal and our entire delegation for leading this effort."

"Although this is the first step in what could be a long and difficult process, it shows growing unity for a national commitment to re-invest in our nation’s domestic energy production. Without such an investment, Louisiana’s coastal communities that serve as the staging platform for much of our country’s energy supply will remain vulnerable and our future ability to support this critical activity off our shores will be compromised.

"I am proud that Governors Riley, Barbour and Perry joined me in a letter of support to the committee on this legislation. This historic, non-partisan show of support by the governors of the Gulf Coast oil and gas producing states demonstrates our unity on this issue.

"There is truly strength in numbers and it is also of note that every Member of the House delegations of Louisiana, Mississippi and Alabama are co-sponsors of the bill, as well as the great majority of the delegation Members from Texas."
"My action objecting to the August OCS lease sale has provided strong ammunition for our delegation and I will not back off until revenue sharing agreements are signed, sealed and delivered."