

2017 Regular Session

HOUSE CONCURRENT RESOLUTION NO. 101

BY REPRESENTATIVE GAROFALO

CONGRESS: Memorializes Congress and the Louisiana Congressional Delegation to work towards a dependable and equitable revenue sharing for Louisiana mineral and gas production

## 1 A CONCURRENT RESOLUTION

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

6           WHEREAS, since 1920, interior states with mineral production in the United States  
7   have been privy to a revenue sharing agreement with the federal government that allowed  
8   those states to keep fifty percent of the revenues generated in their states from mineral  
9   production on federal lands within their borders, including royalties, severance taxes, and  
10   bonuses; and

WHEREAS, coastal states with onshore and offshore oil and gas production were not included in that revenue sharing agreement and therefore 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

15 WHEREAS, coastal energy producing states have a limited partnership with the  
16 federal government that allows them to retain very little revenue generated from their  
17 offshore energy production and transportation, and activities associated with energy that are  
18 produced and transported for use throughout the nation; and

19 WHEREAS, in 2006 the United States Congress passed the Gulf of Mexico Energy  
20 Security Act (GOMESA) from which the state of Louisiana will begin receiving revenue

1 sharing payments from mineral production in the Gulf of Mexico in 2017; an Act that calls  
2 for a sharing of thirty-seven and five tenths percent of coastal production revenues with four  
3 gulf states with a cap of \$500 million per year; and

4 WHEREAS, according to the most recent data from the United States Energy  
5 Information Administration, Louisiana, including its state waters, is the ninth largest  
6 producer of oil in the United States while if offshore oil production from federal waters is  
7 included, it is the second largest oil producer in the country; and from wells located within  
8 the state boundaries including the state waters, Louisiana is the fourth largest producer of  
9 gas in the United States while if gas production from federal offshore waters in the Gulf of  
10 Mexico is included, it is the second largest gas producer in the United States; and

11 WHEREAS, with eighteen operating refineries in the state, Louisiana is second only  
12 to Texas in both total number of refineries and total refinery operating capacity, accounting  
13 for nearly one-fifth of the nation's total refining capacity; and

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

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

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

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

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

7           WHEREAS, the state of Louisiana has developed, through a science-based and stake-  
8 holder-involved process, a "2017 Comprehensive Master Plan for a Sustainable Coast"  
9 which identifies and prioritizes the most efficient and effective projects in order to meet the  
10 state's critical coastal protection and restoration needs and has received many accolades from  
11 the country's scientific community; and

12           WHEREAS, the Coastal Protection and Restoration Authority is making great  
13 progress implementing the projects in the "Comprehensive Master Plan for a Sustainable  
14 Coast" with all available funding, projects that are essential to the protection of the  
15 infrastructure that is critical to the energy needs of the United States; and

16           WHEREAS, the federal budget proposal released on May 23, 2017, recommends the  
17 complete elimination of the revenue sharing payments under the GOMESA Act, in effect  
18 negating the long-fought-for agreement that our congressional delegation along with the  
19 delegations from the other Gulf of Mexico states had entered into with the federal  
20 government to compensate those states for the infrastructure demands and damages; and

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

26           THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby  
27 memorialize the United States Congress and the Louisiana Congressional Delegation to take  
28 such actions as are necessary to treat oil and gas production in the Gulf Coast states in a  
29 manner that is at least equal to onshore oil, gas, and coal production in interior states for  
30 revenue purposes; and to rectify the revenue sharing inequities between coastal and interior

1 energy producing states in order to address the nationally significant crisis of wetland loss  
2 in the state of Louisiana.

3 BE IT FURTHER RESOLVED that the Legislature of Louisiana does hereby  
4 memorialize the United States Congress and the Louisiana Congressional Delegation, along  
5 with the delegations from the other Gulf of Mexico states, to ensure that the agreement  
6 codified through the Gulf of Mexico Energy Security Act (GOMESA) remains in place and  
7 that the Gulf Coast states receive their anticipated revenue sharing payments during Fiscal  
8 Year 2017-2018 as outlined in the Act.

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

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#### DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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HCR 101 Original

2017 Regular Session

Garofalo

Memorializes the U.S. Congress and the La. Congressional Delegation to take such actions as are necessary to rectify the revenue sharing inequities between coastal and interior energy producing states and to ensure the dependability of such revenue sharing.