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CONTACT: [Jill Strait](#) or [Spencer Pederson](#) or [Crystal Feldman](#)
202-226-9019

Revenue Sharing Vital for State and Federal Revenue Generation, Key to Increased American Energy Production

WASHINGTON, D.C. – The House Natural Resources Committee today held a Full Committee [oversight hearing](#) on “State Perspectives on Offshore Revenue Sharing.” The hearing featured testimony from representatives of coastal states and examined state interest in a fair, equitable revenue sharing plan for offshore revenues.

“I believe it’s crucial to recognize that revenue sharing will increase American energy production by creating new incentives for opening new offshore areas to drilling. More American energy production equates to more jobs, a stronger economy, and more revenue,” said Natural Resources Committee [Chairman Doc Hastings](#). “Currently the federal government is not collecting any revenue from energy production off the Atlantic Coast because this area is not open for exploration and production. A revenue sharing proposal would help spur energy development in the Atlantic and other offshore areas, generating new revenue for the federal government.”

Witnesses at the hearing highlighted the need for revenue reform to encourage additional American energy development, parity for coastal energy production, mitigation for infrastructure that offshore energy production requires, as well as a reduction in potential federal payments to coastal states.

[Douglas W. Domenech](#), Secretary of Natural Resources for the Commonwealth of Virginia said, “Sharing revenues with states tells states the federal government is serious about partnering on both the cost and benefit of energy production.” Domenech explained that “revenue sharing from offshore resources in federal waters is essential” and “provides states with the economic ability to invest in local communities most affected by development and risk.” He continued to make the case that, “local and state government will be incentivized to assist in the offshore explorations process by creating necessary infrastructure or passing offshore exploration friendly legislation.”

Domenech went on to note Virginia’s widespread support for offshore energy production with revenue sharing, “*We enjoy the bi-partisan support of our General Assembly and our Congressional delegation in the United States Senate...and a majority of Virginia’s delegation in the House of Representatives in our effort.*”

The Chairman of the Coastal Protection and Restoration Authority of Louisiana, [Garret Graves](#) was able to elaborate on the parity needed between onshore and offshore energy

production noting, *“The difference we coastal states suffer from is the fact that under the Mineral Lease Act, states share in 50 percent of all revenue generated from onshore mineral production on federal lands. And an additional 40 percent is placed into the Reclamation Fund for water projects in those same western states.”* Graves argued, *“Revenue sharing essentially boils down to be an issue of equal treatment...”*

In closing, Graves called for the adoption of revenue sharing legislation that would, *“allow for coastal states hosting energy production to mitigate historic and prospective impacts from energy production and to make investments in the resiliency of these coastal resources. With adequate support our coastal communities have the potential to produce American energy for decades and play their proper role as part of a comprehensive energy policy.”*

[Alaska Governor Sean Parnell](#) submitted a letter for the record where he wrote, *“It is not only fair to share part of the revenue from offshore development with coastal states, it is a vitally important part of an overall strategy.”*

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