Committee on Resources,

Full Committee

- - Rep. James V. Hansen, Chairman
U.S. House of Representatives, Washington, D.C. 20515-6201 - - (202) 225-2761

Witness Statement

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Louisiana is in a dynamic position. We find ourselves at the center of the nation's energy debate as a key player in the future of the country's oil and gas supplies. Eighty percent of the nation's Outer Continental Shelf (OCS) oil and gas is extracted off Louisiana's coast or comes across our shores through pipelines to supply the rest of the nation.

At the same time, we are the focus of what many scientists consider to be the largest on-going environmental crisis in America today. Each year, Louisiana is losing almost 35 square miles of our nation's most productive coastal wetland. This three-million acre wetland supports a third of the total volume of U.S. fisheries and provides wildlife habitat for two-thirds of the Mississippi Flyway waterfowl and many endangered and threatened species.

Louisiana's coastal wetland provides protection from storms and hurricanes, not just for the two-million people who live in the coastal zone, but for the number one port system in America and for the nation's offshore oil and gas industry, an industry that puts $2 billion to $3 billion a year into the Federal Treasury.

Louisiana is the nation's coastal wetland basket, providing invaluable benefits to the rest of the country, while sustaining tremendous environmental impacts. Although the situation along our coast is clearly a Federal responsibility, the Federal government is not paying its way to do business off our shore. States like Louisiana that provide so much to the nation but that do not have a large population base or economic base, can no longer bear the cost of ecological and infrastructure damage occurring from an activity that benefits every man, woman and child in our country.

Louisiana gets little direct benefit from Federal offshore OCS oil and gas activity in the Gulf. Jobs that were once almost exclusively held by Louisianians have dwindled through the years. The onshore infrastructure that supports Federal offshore activities is deteriorating and in immediate need of attention. For example, the single thread of highway that connects Louisiana's shore to the nation's offshore oil and gas supply is close to being washed into the Gulf. Still, more than 1,000 tanker trucks a day traverse it as they carry oil and gas to the rest of the nation.

About a fourth of the nation's entire oil and gas supply comes to rest on Louisiana's shores by pipeline, tanker or barge. In light of today's energy crisis, this is a staggering thought. A more disturbing thought, however, is that the coastal wetlands that protect that industry's infrastructure are disappearing. Without their protection, the ecological consequences of a Category Four hurricane making a direct hit on more than 20,000 miles of oil and gas pipelines coming on shore is unthinkable.

Ten years ago, the Coastal Wetlands Planning, Protection, and Restoration Act (CWPPRA) provided a unique partnership as five Federal agencies and the State of Louisiana began the daunting task of restoring

Louisiana's coast. We have made great strides in learning what does and does not work as we try to save this fragile ecosystem, and although CWPPRA provides $50 million a year for the effort, it is only a fraction of what is needed to do the job.

During the past 50 years, Louisiana has lost more than 1,000 square miles of its coast. Even with current efforts, we expect to lose another 1,000 square miles over the next 50 years. This loss represents 80 % of all coastal wetland loss in the entire continental U.S.

To address this loss, CWPPRA has developed ***Coast 2050,*** a technically sound strategic plan to sustain Louisiana's coastal resources and to provide an integrated multiple-use approach to ecosystem management. The main strategies of the plan are watershed structural repair, such as restoration of ridges and barrier islands, and watershed management, such as river diversions and improved drainage.

In developing ***Coast 2050***, the number of coastal wetland acres saved was not the only priority. The plan also considered other resources, such as roads, levees, fish and wildlife, and public safety and navigation. We know that a comprehensive restoration program, using ***Coast 2050*** as a guide, could restore and maintain more than 90% of our coastal land loss. At the present rate of funding, we can only hope to save about 20% at best.

The price tag to do the job is estimated at $16 billion to $20 billion, but the cost of doing nothing is far greater. The cost to the nation of lost infrastructure alone would be close to $150 billion.

CARA would go a long way toward providing the funds to restore this invaluable part of the nation's coast by sharing Federal OCS revenues with the states, just as Federal land-based revenues are shared through the Minerals Lands Leasing Act.

For example, in 1997, the state of Wyoming hosted development of Federal mineral resources that generated more than $569 million in revenues. Wyoming received $239 million for its share of revenues produced on Federal lands. In the same year, Louisiana hosted development of Federal mineral resources offshore that generated more than $3.8 BILLION, and received only $18.2 million for its share of the revenues produced in Federal offshore waters.

According to a 1993 report, ***Moving Beyond Conflict to Consensus***, the OCS Policy Committee of MMS recommends "a portion of the revenues from OCS program activities should be shared with coastal states, Great Lakes states and U.S. territories." The report goes on to say that "although coastal states that host Federal OCS oil and gas exploration and development suffer the environmental and infrastructure impacts caused by that development, just as Wyoming and other states that host extensive land-based Federal oil and gas development suffer impacts, these coastal states are not compensated in the same way and cannot mitigate the consequences of those impacts in the same measure."

The report emphasizes two fundamental justifications for a revenue sharing or impact assistance program: to mitigate the impacts of OCS activities and to support sustainable development of nonrenewable resources.

The report states that "addressing these needs would strengthen Federal-State-Local partnerships that must underlie a reasoned approach to national energy and coastal resource issues, and the breakdown in this partnership is evident in the fact that new OCS development is now occurring only off the coasts of Alabama, Alaska, Louisiana, Mississippi and Texas."

The report further states that " a modest portion of the revenues derived from development of nonrenewable resources, such as oil and natural gas, should be used to conserve, restore, enhance and protect renewable natural resources, such as fisheries, wetland and water resources. This concept also underlies the Land and Water Conservation Fund which uses OCS revenues to acquire and develop park and recreational lands nationwide."

In 1997, the OCS Policy Committee reiterated its support. The committee's Coastal Impact Assistance Working Group was formed to look at alternatives and to make recommendations to the Secretary of the Interior on how to implement such a program. Their recommendations include the basis for the formula used in CARA to distribute the revenues to the coastal states.

Louisiana has been very aggressive in the fight for CARA. Our state, along with the rest of the nation, has much at stake as our coastal wetlands continue to disappear. Last year, led by this committee, the U.S. House of Representatives championed CARA. Ultimately, CARA did not prevail. Instead, certain aspects of the bill were authorized or appropriated. Many called this CARA Lite.

Those of us who fought hard for CARA know that what happened in the end was not CARA at all. The true essence of CARA is a steady, predictable stream of funding that would come directly to the states. This steady stream of funding makes it possible for states like Louisiana, with major environmental needs, to plan for and implement restoration efforts costing hundreds of millions of dollars.

Some good things did come of last year's CARA efforts. The one-time appropriation of funds for the Coastal Impact Assistance Program (CIAP) was the first time Congress has ever acknowledged the need for such funding and the contribution being made by the oil and gas producing states. The one-time amount of $150 million shared by the seven producing states is a start, but pales in comparison to the enormous need for future funding.

Louisiana has put its CIAP plan together and will put its share of the money ($26.4 million) to good use. To demonstrate Louisiana's need for the funds, in only three months, we identified 100 projects worth more than $64 million. It is evident that the one-time CIAP funds would barely scratch the surface of our state's enormous coastal impact needs.

However, Louisiana is not standing still. With the ***Coast 2050*** plan in hand, we have joined as full partners with the Corps of Engineers. For the first time in history, the Corps has taken a state agency into a 50-50 partnership. Together, we are engaged in a feasibility study to implement the ***Coast 2050*** plan.

Even without a source of funding to build projects on a scale that will truly save our coastal wetlands, Louisiana is moving forward. We must be ready if and when the money comes. We have no choice.

I urge you to consider passage of CARA this year with the same vigor and enthusiasm you did last year. Only legislation like CARA will give Louisiana the fighting chance it needs to save a coastline that is, indeed, in the national interest.

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