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U.S. House of Representatives
Committee on Natural Resources
Washington, DC 20515

Opening Statement of
Chairman Doc Hastings
Before the Full Natural Resources Committee
Oversight Hearing on
"State Perspectives on Offshore Revenue Sharing."
Wednesday, July 27, 2011 at 10:00 a.m.

Revenue sharing from offshore energy production has long had support in Congress, but its implementation is incomplete and limited to only a few Gulf Coast states. I do recognize that offshore revenue sharing is not universally supported and has its opponents. Today, I hope the Committee can have a constructive conversation and that Members concentrate on how best to move forward on a proposal that is fair and responsible. We should focus on how best to share offshore revenue because the Committee will be taking up this matter legislatively after the August work period.

As we begin this conversation, 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.

The argument will undoubtedly be made today that the federal government cannot afford revenue sharing. That somehow the federal government cannot find a responsible way to fairly share offshore revenue with states. Ironically, those making this argument are the same folks who voted last Congress to give \$58 billion in stimulus spending directly to state and local governments.

This argument that we can't afford to share offshore revenue ignores the fact that this policy will open the door to new energy production in new areas. 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.

It's interesting to note that the firmest opponents of offshore revenue sharing are the same people who fundamentally oppose offshore drilling. This is quite a contorted argument to make – that revenue sharing unfairly gives away federal revenue, when if they had their way, we wouldn't be collecting revenue from offshore drilling in the first place.

When it is all boiled down, a revenue sharing proposal is, and must be, about fairness.

It must be fair to coastal states by applying to all producing states equally and recognizing that they have a tremendous stake in the costs and inherent risk of offshore energy production, and so they should share in the rewards.

And a revenue sharing proposal also must be fair to the American people. Our offshore oil and natural gas resources are federal resources that belong to all Americans. This is a fact we must not forget.

As I stated at the outset, I'm actively reviewing revenue sharing proposals, and I intend for the Committee to address this legislatively after August. For the record, such a bill will be offset and comply with House CUTGO rules and protocols.

Also on the agenda for after August is action on organic legislation to reorganize the Department of Interior's management of offshore energy. On Monday, I unveiled a discussion draft of such legislation. I welcome those with comments and suggestions to share them.

Each of these proposals further the goal of increasing responsible offshore energy production to create jobs, protect our national security, and generate more revenue for the federal government, and the coastal states that partner with us.

This Committee has already acted aggressively to advance increased American energy production during the first half of this year, and our pace will only accelerate when the Congress reconvenes in September. Get rested by Labor Day, because it is going to be a very active autumn.

I thank the witnesses for being here today and look forward to their testimony.