

Testimony of South Carolina Senator Stephen L. Goldfinch before the
US House of Representatives Committee on Natural Resources
Energy and Mineral Resources Subcommittee's October 11, 2017 Legislative Hearing on:

Discussion Draft of H.R. _____, To amend the Outer Continental Shelf Lands Act to distribute revenues from oil and gas leasing on the outer Continental Shelf to certain coastal States, and for other purposes. "Accessing Strategic Resources Offshore Act" or "ASTRO Act."

Good afternoon. Chairman Bishop, Ranking Member Grijalva, and members of the committee, my name is Stephen Goldfinch, and I am a South Carolina Senator representing parts of Charleston, Georgetown and Horry Counties along the Atlantic coast.

I was born and reared in these same counties, and now my wife and I are raising our own family there. And, while I am deeply proud of my home district and the state of South Carolina, there are things that we can improve upon. Economic diversity and future opportunities for ALL of our residents is at the top of that list, and this is what I would like to discuss with the committee today.

Since the beginning of the economic expansion that began in 2009, South Carolina has emerged as one of the fastest growing states in the country. For 2017, the Palmetto State's rate of economic growth is sixth among all states with gains in both employment and labor income. Despite the improvement to the state's economy, there are areas of the state where unemployment is significantly higher than the state average and median incomes have seen little to no growth in recent years.

Natural gas and oil exploration in the Atlantic could be an opportunity for our state to see much-needed additional economic improvements, investment, and job creation. For example, Georgetown, South Carolina is at the heart of my district. It has a history of a working waterfront. Industries from rice to lumber to paper to steel to commercial fishing have come and gone over time, leaving Georgetown with a port facility that has available capacity. I believe offshore oil and gas exploration and development could help write the next chapter in the town's history.

And, writing the next chapter of Georgetown's history would have a tremendous impact on surrounding towns, like Andrews, where the poverty rate for those 18 and under is 57.7% or 1/3 higher than the statewide average. Or Conway, SC, where the poverty rate is 50.8% or almost double that of Horry County, where Conway exists.

Natural gas and oil production off the coast of South Carolina could bring Andrews, Conway, Georgetown, and similarly situated towns the economic diversification and job opportunities, paying dividends for generations.

And, this could be done without impacting the existing tourism-rich areas in Charleston and Horry counties. Years of experience have shown that exploration and production can exist safely alongside tourism and fishing industries, as well as the military. And the industry has made significant investments in safety, standards, and technology to protect the environment and its workers. For example, communities like Destin Beach Florida, Gulf Shores Alabama and Santa Barbara California all have a thriving tourism industry and have a thriving offshore oil and gas industry. In fact, for me and my constituents, the two must co-exist. If an offshore industry threatens tourism, South Carolina is unlikely to support such an industry.

Studies show that a pro-development offshore energy policy could be extremely beneficial to South Carolina. Annual spending from Atlantic offshore oil and natural gas exploration and development activity in South Carolina could reach \$2.1 billion by 2035 and employment in the state due to offshore oil and gas could reach over 35,000 jobs in 2035. Environmental activists proclaim this number to be heavily inflated. Their argument assumes that offshore operations require an extremely skilled labor force that will certainly travel from other parts of the world. The fault in this theory can be clearly seen from historical unemployment data in places that have recently had an increase in oil and gas drilling. For example, the Bureau of Labor Statistics reports that between 2007 and 2012, Pennsylvania and North Dakota had an increase in employment by 259% and 354% respectively. There can be no denying that these increases in employment are 1. from citizens of those respective states, and 2. from increased oil and gas operations within those respective states. As an interesting aside, the

largest sector seeing increases in employment nationwide, between 2007 and 2012, was support activities for the oil and gas industry.

Offshore development could also provide needed revenue to South Carolina. With revenue sharing for Atlantic coastal states, South Carolina's share of the lease bonuses, rents and royalties could be hundreds of millions of dollars per year with the cumulative effect on the state budget over a 20-year period being over \$3.7 billion. The importance of enacting revenue sharing for coastal states supporting offshore development off their coast cannot be understated. If oil and gas is to come to South Carolina, I cannot imagine one of my constituents demanding the state decline much needed revenues for roads, schools and healthcare.

The Energy Information Administration's projections of oil and natural gas demand show that our country will need abundant supplies of oil and natural gas well into the future, with over 60% of our nation's energy consumption demands being met by oil and natural gas in 2040.

The long lead times needed to discover and develop offshore resources make it imperative to begin exploring and gathering information about our resources in the Atlantic now. We have the chance to enact a domestic energy policy that embraces our country's abundant natural resources. The history of other beach towns already engaged in offshore operations and technological advances in the industry demonstrates that this can be done without "killing the goose that laid the golden egg" as tourism has been referred to by some.

And, as you consider this subject, it is imperative that you remember places like Andrews and Conway, and Georgetown South Carolina, where the "golden egg" of tourism hasn't helped eradicate poverty. For those who live in Andrews and Conway and Georgetown, oil and gas would be their "golden egg," bringing non-seasonal, high-paying jobs – that don't require a college-degree - and hope for a prosperous economic future for the generations to come. The time is right to capitalize on this opportunity and the need in those towns and other places in South Carolina could not be greater or more urgent.

Thank you and I am happy to answer any questions you might have.