

Office of the Governor
State of Louisiana

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GOVERNOR



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House Majority Whip Steve Scalise
2338 Rayburn House Office Building
Washington, D.C. 20515

October 20, 2017

Dear House Majority Whip Scalise:

Re: Gulf of Mexico Energy and Security Act Phase II Disbursements

As you are well aware, the federal revenue sharing provided by the Gulf of Mexico Energy and Security Act of 2006 (GOMESA) is one of the most crucial funding streams supporting Louisiana's coastal program. GOMESA provides annual funding that has been constitutionally dedicated for integrated coastal protection. This money flows directly to the Coastal Protection and Restoration Trust Fund and provides payments straight to coastal parishes as well. Louisiana's Congressional delegation was not only the leading force getting GOMESA passed into law, but has been steadfast in its efforts to defend the law from political challenges over the years. Today we would like to make you aware of what we know about the first payment under Phase II and seek your assistance in obtaining additional information about this important revenue stream. Specifically, we are requesting your assistance in getting more clarity from the federal government regarding: a) what Louisiana's actual payment will be and when it will be made, b) how stable the Office of Natural Resources Revenue (ONRR) expects Louisiana's percent allocation to be over time, and c) what their forecasts are for energy activity in the Gulf of Mexico and how that will impact shared revenues into the future.

CPRA has eagerly awaited Phase II of GOMESA which officially began in federal FY2017. Phase II broadens the areas of the Gulf subject to revenue sharing and will increase disbursements from hundreds of thousands of dollars as seen in Phase I to tens of millions of dollars. GOMESA caps revenue sharing at \$500 million through 2055. When the cap is met, the Land and Water Conservation Fund will receive a maximum of \$125 million and the four gulf producing states and their coastal political subdivisions (CPS) share \$375 million. In recent years Louisiana has received estimates that its share of the \$375 million could translate to a maximum income level of \$176 million which would be split 80% to CPRA and 20% among the coastal parishes when the cap is met.

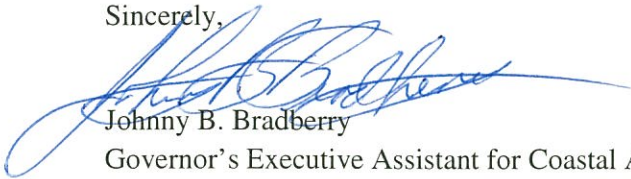
Due to the importance of this revenue stream and its potential magnitude, CPRA has sought transparency from the federal government regarding how exactly Phase II would be administered and disbursed as well as projections for the health of the revenue stream for use in planning and/or bonding. With the end of federal FY 2017 on September 30, ONRR shared with Louisiana the total amount available for the four Gulf States and their CPS would only be \$201 million. Using prior estimates about Louisiana's expected

percentage it is possible that the state may only receive \$78-94 million. This amounts to \$62-75 million for CPRA and the remaining \$16-19 million for the coastal parishes to split.

Funding the coastal program is a complicated business. Many of our revenue streams are grant-based which requires the CPRA to pay for project costs up front and then seek reimbursement. GOMESA is one of the few true revenue streams we have that not only allows CPRA to implement projects, but also provides the cash needed to cover expenses under other grant-reimbursable funding streams. As such, I respectfully request that you help us obtain additional information about this program and what can be expected in the future as it is extremely critical to our planning efforts. Additionally, if indications are that Phase II will be a \$60-70 million funding stream rather than a \$100+ million funding stream we would respectfully ask for your help to revisit and pursue other federal opportunities that could also provide assistance for coastal protection and restoration going forward.

Your cooperation and assistance is greatly appreciated. I stand ready to address this issue in greater detail at your request.

Sincerely,



Johnny B. Bradberry

Governor's Executive Assistant for Coastal Activities

cc:

Sen. William Cassidy, M.D.
Sen. John Kennedy
Rep. Ralph Abraham
Rep. Garret Graves
Rep. Clay Higgins
Rep. Mike Johnson
Rep. Cedric Richmond

John Bel Edwards, Governor
Mark Cooper, Chief of Staff
Jay Dardenne, Commissioner of Administration, Division of Administration
Sen. John Alario, Jr., President, Louisiana State Senate
Rep. Taylor Barras, Speaker of the House, Louisiana House of Representatives
Sen. Norbert Chabert, Chairman, Senate Natural Resources Committee
Rep. Stuart Bishop, Chairman, House Natural Resources and Environment Committee
Rep. Kenneth Havard, Chairman, House Transportation, Highways, and Public Works Committee
Sen. Page Cortez, Chairman, Senate Transportation, Highways, and Public Works Committee

Michael Ellis, Executive Director, CPRA
Janice Lansing, Chief Financial Officer, CPRA
David Peterson, General Counsel, CPRA
Chip Kline, Deputy Director, Office of the Governor
Coastal Protection and Restoration Authority Board