



Opening Statement
Full Committee Hearing on Federal Revenue Sharing
Chairman Lisa Murkowski
November 7, 2019

Good morning, everyone. The Committee will come to order.

We are here this morning for three closely related purposes. First, we will examine federal revenues that are generated from energy development on our federal lands, Indian lands, and federal offshore areas. Secondly, we will explore how that revenue is distributed among federal programs and shared with the state, local, and tribal governments. And then finally, we will hear testimony on two measures that would boost revenue sharing from onshore renewable as well as offshore development.

Both of the bills under consideration are sponsored by members of this committee. Senator Cassidy has introduced S. 2418, which is the COASTAL Act, and Senator McSally has introduced S. 2666, which is a Public Lands Renewable Energy Development Act.

As a cosponsor of the COASTAL Act, I want to thank Senator Cassidy for introducing legislation that would bring revenue sharing for coastal producing states into parity with onshore development.

Congress laid the foundation for offshore revenue sharing through the passage of the Gulf of Mexico Energy Security Act GOMESA back in 2006. At that time the bill did not include Alaska, the COASTAL Act that we are considering now would establish a revenue sharing program that would include Alaska and at the current time our offshore production is pretty minimal and therefore any returns to the state are equally minimal it is important to address this at this time in fact some of us would say it is well, well over due in terms of timing to address it.

The COASTAL Act would do for Alaska what it does for other producing states such as those in the Gulf of Mexico in terms of being able to provide offshore revenue sharing for the state to help meet a number of critical purposes including the protection of our coasts; assistance for villages that are grappling with the effects of climate change; the development of lower cost and clean energy generation which is so important for us in the state; as well as assistance for our University system, and just all that comes with our efforts to turn our non-renewable resources into long-term assets.

To me, offshore revenue sharing is a matter of simple fairness. The Beaufort and Chukchi Seas and Cook Inlet are American waters by virtue of Alaska, and Alaska alone. We build the infrastructure and provide the public services that are needed for responsible development. We also bear the impacts, and as we've heard Senator Cassidy say many, many times before this committee that those who shoulder much of that burden it is only right that they should share in a greater opportunity for the benefit. So let's talk about some of the benefits from revenue sharing.

A few weeks ago, the Department of the Interior announced that it distributed over \$11.6 billion in revenue from natural resources production in FY 2019. That's significantly higher than last year's

disbursement of \$8.9 billion, much of it will be reinvested back into our public lands, waters, and Native American and rural communities.

For example, this year, \$2.4 billion went to the states and local governments that host energy development. Another \$1.1 billion was disbursed to Native American tribes and tribal members that undertake resource extraction on Native American lands. And \$1.7 billion in mineral royalties and hydropower revenue went to the Reclamation Fund, which supports federal dam and irrigation systems that move and store precious water supplies across the West.

We talk a lot in this committee about Land and Water Conservation Fund and all that it provides programs like the American Battlefield Protection Program, the Forest Legacy Program, and the Cooperative Endangered Species Conservation Programs, but LWCF I think those of us who know and understand the program is really one of the biggest beneficiaries of offshore energy development.

Since the 1990s, nearly all revenue credited annually to LWCF has been from Outer Continental Shelf receipts. LWCF also receives additional mandatory appropriations under GOMESA. During FY 2018, the LWCF stateside program received \$76 million from GOMESA leases.

These substantial revenues only exist because we are the world's top producer of oil and gas. In recent years, we have seen new ideas emerge for how to allocate the revenues that result from our production, whether to address the parks maintenance backlog or to help with the recovery of wildlife. But we have also seen proposals to cut off federal oil and gas production, and some would suggest cut it off immediately without any consideration of the economic consequences, which would prevent us from addressing those needs.

So as we push for the development of new and cleaner technologies, which I think we certainly encourage that here in this committee including our renewable energies, we also have to consider what it means for federal revenue disbursements.

When we think about our solar assets, our wind assets, I think we recognize that when you look to what they have generate in terms of revenues, they are a mere fraction of the billions of dollars that are generated by oil and gas. So when we think about the benefits of LWCF and how LWCF has been structured certainly historically, I think it is important to keep these considerations in mind. We'll have an opportunity to review some of the proposals that Senator McSally has outlined in her legislation to create streamline permitting for renewables while sharing revenues from renewable energy development with local governments.

So we've got a lot to talk about here today I am glad that we have witnesses today who are from both state and local governments that are the beneficiaries of federal revenue sharing programs, and who can help explain what these revenues actually mean for them. So I look forward to hearing how they would support – or how they do support – communities with the funds that they receive with the development in their backyard. I also want to particularly thank Mayor Brower. He's come a pretty long way. Came from the top of the world as we say in Utqiagvik, formerly known as Barrow, but we know it's a long haul, and we appreciate the fact that you have made this journey to be with us today to share your comments.

With that, I will turn to Senator Manchin. Then we'll have an opportunity to introduce more fully all of our witnesses today.

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