



Bush signs new oil royalty deal

By CityBusiness staff report

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WASHINGTON – President George W. Bush today signed into law the Tax Relief and Health Care Act of 2006, H.R. 6111, which includes the Domenici-Landrieu Gulf of Mexico Energy Security Act.

The plan, co-authored by Senate Energy Chairman Pete Domenici, R-N.M., and Sen. Mary Landrieu, D-New Orleans, opens 8.3 million acres in the Gulf of Mexico to oil and natural gas drilling and shares 37.5 percent of new revenues with Louisiana, Texas, Mississippi and Alabama.

"It was the best gift the president could give to the people of Louisiana. It'll be the gift that'll keep on giving for decades," said Landrieu.

"Finally, Louisiana will receive its fair share of oil and gas revenues from the Gulf of Mexico," said Sen. David Vitter, R-Metairie. "For more than half a century, Louisiana's members of Congress have been fighting for this law, and I am honored to be part of such a historic victory.

"These revenues will help pay for important coastal, flood and hurricane protections. They will also give the state a much needed source of revenue as we continue rebuilding from hurricanes Katrina and Rita, and these funds will provide the necessary resources to finish critical transportation and infrastructure projects throughout the state."

The plan allows for increased domestic energy production for the first time in 25 years and creates a dedicated revenue stream for Gulf Coast wetlands restoration, hurricane protection and flood control projects.

"Responsibility comes with these revenues," said Rep. Bobby Jindal, R-Kenner. "The eyes of the nation will be watching Louisiana to see how we use this money. If Louisiana wastes this money, Congress and others will be hesitant to send additional resources in the future. Louisiana cannot afford to waste this once-in-a-lifetime opportunity."

Jindal said state leaders should move forward with projects to repair the coastline and build infrastructure by bonding out the long-term revenue, as advised by State Treasurer John Kennedy.

"This could provide Louisiana with as much as \$5 billion that could be used immediately to start work, instead of using a piecemeal approach or waiting until construction costs rise," Jindal said.

The legislative package also includes several key tax provisions, including a two-year extension of the Gulf Opportunity Zone tax incentive that provides strong motivation for businesses to invest in the Gulf Coast.