

BOEM ENVIRONMENTAL STUDIES PROGRAM: ONGOING STUDIES

BOEM OCS Region: [Gulf of Mexico](#)

Title: State and Local-Level Fiscal Effects of the Offshore Petroleum Industry (GM-07-08)

Planning Area: Gulfwide

Total Cost: \$241,216

Period of Performance: FY 2007 - 2012

Conducting Organization: [Coastal Marine Institute](#), Louisiana State University

BOEM Contact: [Dr. Harry Luton](#)

Description:

Background: The fiscal consequences of the OCS program are the most direct and significant way in which the program affects states and communities. These effects are largely shaped by the interaction of federal law and each state's revenue and allocation mechanisms. There are also a number of indirect fiscal impacts on local communities that are shaped by their economic composition and position in supporting oil and gas activities along the Gulf of Mexico (GOM). Currently, Service the Bureau of Ocean Energy, Management, Regulation and Enforcement (BOEM) lacks a systematic understanding and analysis of the program's direct and indirect fiscal effects at state and local levels.

Objectives: The purpose of this study is to provide a detailed description of the various fiscal effects; a secondary goal is to estimate the magnitude of these effects.

Methods: The methodologies used in this study will be developed in cooperation between BOEM and the research team. The study will:

1. Develop a literature review to provide a detailed description of the various fiscal effects and an evaluation of methodologies to estimate magnitudes of these effects.
2. Identify and define the various direct and indirect fiscal impacts on state and local government and their relationships to OCS activities.
3. Where possible, develop time series measures to quantify trends in fiscal contributions to Louisiana.
4. Identify and define direct mechanisms (if any) by which OCS-related funds are distributed to the state and its political subdivisions; develop allocation methodologies to estimate the distribution of revenues which do not have direct

- mechanisms.
5. Estimate the various indirect revenue impacts which accrue to the state and its political subdivisions and, to the extent possible, identify the linkages between these and OCS activity and estimate the distribution of these revenues among the state and its political subdivisions.
 6. Identify and describe the direct and indirect public expenditures required to support OCS activities and identify and/or develop methodologies to allocate these expenditures in specific geographic locations and their political subdivisions.
 7. Develop and describe a methodology to estimate the total and net fiscal effects of the OCS program in Louisiana that will support future scenario-based BOEM analyses.
 8. Analyze selected parish-level budgets, or develop a typical local parish-level budget profile, and estimate the fiscal impacts of OCS-related activities on selected public services and institutions (e.g., education, healthcare, public works).

Products: Annotated bibliography, study reports, models and associated data.

Importance to BOEM: The evaluation of fiscal effects is an important aspect of socioeconomic assessment. The tax receipts and other revenues generated by OCS-related activities are a major program benefit to counties/parishes, states and the nation and the public expenditures which the program requires are an important burden. The long-term trends and variable nature of OCS activity also have important fiscal implications.

Current Status: BOEM expects to receive a draft report in early 2012.

Final Report Due: December 2011

Publications: None

Affiliated WWW Sites: None

Revised date: January, 2012

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