

Offshore Wind Constitutional Amendment

BALLOT LANGUAGE AND BACKGROUND

Ballot Language

"Do you support an amendment to require that federal revenues received by the state generated from Outer Continental Shelf alternative or renewable energy production be deposited into the Coastal Protection and Restoration Fund?"

Background

COAST IN CRISIS

Louisiana is in the midst of a land loss crisis that has claimed 2,000 square miles of land since the 1930s. Without action to protect our coast and its communities, we could lose as much as 3,000 additional square miles of land over the next 50 years. Barrier islands, marshes and swamps throughout our coast reduce incoming storm surge, helping to lower flooding impacts. If we continue to lose these habitats, the vulnerability of communities and infrastructure will increase substantially. Additionally, our flood protection systems will become more vulnerable as the land around them continues to disappear.

Without action, damages from flooding will increase from \$15.2 billion in annual estimated damages to approximately \$24.3 billion in annual estimated damages at the end of 50 years. Given the importance of so many of south Louisiana's assets—our waterways, natural resources, unique culture and wetlands—the effects of this additional land loss and the increased risk of flooding would be catastrophic. We must take bold action now, before it's too late.

The risk of continued land loss is concentrated in coastal Louisiana, but the economic implications will also spread throughout the nation due to the state's importance in shipping, energy production, chemicals, and other sectors.ⁱ

- As much as \$4.6 billion in Louisiana business, residential and infrastructure assets are at risk due to land loss over the next 50 years if no action is taken to protect or restore the state's coast. Economic disruptions could cost an additional \$9.8 billion from land loss alone.ⁱⁱ
- In addition to the direct impact of land loss, Louisiana would also face increased storm damage further inland as the coastal buffer disappears.
 - Up to \$176.4 billion in business, residential and infrastructure assets could be lost, along with an additional \$67.7 billion in disrupted economic activity from just one storm.ⁱⁱⁱ

FUNDING FOR THE COAST—REVENUE SHARING/IMPACT ASSISTANCE

Energy production in the federal waters of the Gulf of Mexico would not be possible without the communities, workers, infrastructure, and ecosystems of Gulf States like Louisiana. When the Gulf of Mexico Energy Securities Act (GOMESA) passed in 2006, we gained a model for sharing Outer Continental Shelf revenues with energy producing states, coastal counties and parishes, and conservation programs. GOMESA not only sent those revenues back to Gulf producing states and counties but committed them to improving the resilience of the regions that made that energy production possible. Louisiana voters also overwhelmingly elected to further dedicate all state GOMESA dollars to the coastal trust fund.

Under current federal law, however, revenues generated from offshore wind must be returned to the US Treasury. Federal efforts like the RISEE (Reinvesting in Shoreline Economies and Ecosystems Act) & BREEZE (Budgeting for Renewable Electrical Energy Zone Earnings Act) acts seek to amend GOMESA to increase amounts shared with Gulf Coast energy producing states and to begin sharing offshore wind revenues. Should federal law allow for additional revenues to flow to Gulf States involved in traditional and alternative energy production, it would help reduce the coming funding gap for coastal protection and restoration investments resulting from the end of *Deepwater Horizon* oil spill payments in 2031.

THE WIND AMENDMENT

The Constitutional Amendment to provide that federal revenues received by the state from Outer Continental Shelf alternative or renewable energy production be deposited into the Coastal Trust Fund will be on the ballot on November 5th, 2024. It seeks to amend current state law to add offshore renewable and alternative energy sources to the existing revenue sharing model we have for oil and gas.

Every type of energy production that occurs off our coast depends on healthy and resilient communities and ecosystems and so funds generated by that energy production should be reinvested in coastal protection and restoration. With offshore alternative energy production still in the earliest stages it will not be a silver bullet for Louisiana's coastal funding cliff, but it is a positive step toward closing that funding gap and continuing our strong track record of investing in the protection and restoration of our coast for the benefit of the entire state and its economy.

MESSAGES AND FRAMING

Messages

- **“If the money comes, we give it to the coast.”**
 - Simple and high level. No need for details about energy production in the gulf; or speculation about the speed of the energy transition away from oil and gas; no arguments about where or how to do wind;
- **“Energy addition” and economic development is a good theme...**
 - All of the above energy state...(and all offshore energy production depends on a healthy coast)
 - Ensures that as energy production grows and changes in the Gulf all users are contributing to the preservation of the coast that makes that production possible.
 - “Let’s build on our ability to supply the world’s energy needs by producing even more energy through innovations like hydrogen and offshore wind. *This isn’t about replacing our traditional energy efforts. It’s about enhancing them, while embracing innovation and preparing for the growing global energy demand.*”(Ehrhardt, Faucheux, and Moncla in the [Advocate on 7/31](#))
 - “It is vital that we remain firm in our support of Louisiana’s energy expansion for the people of the industry. Our action or inaction today will determine whether Louisiana’s position as a premier energy-producing state will be preserved or threatened.” (Ehrhardt, Faucheux, and Moncla in the [Advocate on 7/31](#))
- **Represents a new revenue stream**
 - Not taking away from anyone; not taking revenues away from another cause, not favoring one type of energy over another; not about pitting wind against oil and gas;
 - Does not increase costs for energy producers; rather, it redirects money that would go to the federal treasury to coastal protection and restoration projects in LA.
- **OSW industry is positive for Louisiana**
 - a supplemental revenue stream for energy companies diversifying their business so that while oil is volatile, they can continue to stay in business and put people to work.
 - At least 15 companies have already supplied goods and services for offshore wind projects
 - More than 450 companies across LA could one-day support offshore wind.

- LA's export potential and procurement goals for Offshore Wind could generate more than 3,700 jobs across manufacturing, shipbuilding, installation and commissioning, and operations and maintenance by 2031.
- Signals to the market that LA is excited about wind, we want to see it in the Gulf, we want to be part of the solutions for the national supply chain, and we want to see it also bolster coastal restoration efforts.
- **Constitutional Amendment Supports the Coastal Master Plan**
 - This is the first near-term step we can take to start to fill in the funding gap that we know is coming when the BP money runs out in 2031
 - Science-based Coastal Master Plan and protections on the CPR Trust Fund ensure that these dollars will continue to support projects that work and will last
- **Offshore Wind Development in the Gulf Can be Done Responsibly**
 - The Bureau of Ocean Energy Management (BOEM) identified options for offshore wind energy development in the Gulf of Mexico that do a good job of avoiding serious impacts to wildlife and habitats. The sites are all more than 20 miles offshore, are far from the footprint of the Flower Garden Banks National Marine Sanctuary, and avoid critical Rice's whale habitat areas.
 - Louisianans can feel confident that offshore wind energy resources can be developed effectively in federal waters in the Gulf of Mexico, with far less impact on wildlife and habitat than from oil and gas development.
 - Environmental organizations such as the National Wildlife Federation support the responsible development of offshore wind energy, and work closely with regulators and the industry to ensure wildlife are protected at every step of the development process.

Slogans and Simplest Possible Messages

- No Coast, No Energy
- New Funding from New Energy
- All Types of Energy should Invest in the preservation of our Coastal Communities
- Energy First (first amendment on the ballot)
- Vote the Coast

SUPPORTING FACT SHEET

Constitutional Amendment Key Facts

Topics

[Importance of Coastal Protection and Restoration](#)

[Gulf of Mexico Energy Security Act \(GOMESA\)](#)

[Outer Continental Shelf Oil and Gas Activity](#)

[LA and the Offshore Wind](#)

[RISEE Eligible Uses](#)

IMPORTANCE OF COASTAL PROTECTION AND RESTORATION

- CPRA has constructed 157 projects since 2007
 - Past several years have spent \$1Billion each year on project implementation
 - Level of spending creates over 10,000 jobs each year
 - 383 miles of levee improvement,
 - 71.6 miles of barrier island restoration,
 - 105 square miles of habitat benefits (67,200)
- Losing coastal wetlands and other habitats increases the hurricane vulnerability of our communities by decreasing the distance between them and the Gulf of Mexico and by reducing the effectiveness of existing hurricane protection levees.
- A vulnerable coast also creates vulnerabilities for the entire state economy.
 - Without an aggressive coastal program to counter perceptions of Louisiana as disaster prone, workforce recruitment and retention, economic development, and other types of investment become more challenging.
 - The coastal crisis impacts homes and home values, unique and rich cultural traditions, threatens major economic engines and assets like oil and gas refineries, pipelines, and ports, threatens navigation, harms our fisheries, and casts a pall over Louisiana's efforts to attract tourists and business development.
- Damage estimates in CMP'23
 - 1,100-3,000 square miles of land loss projected by end of year 50

- Expected Annual Damages \$15.2-\$24.3 Billion
 - 14,000 to 22,000 structures at risk
- Coastal Master Plan is a science-based process for addressing risk
 - 314-233 square miles of avoided land loss
 - \$10.7-\$14.5 billion in avoided annual economic damages—lower risk than we have today
 - 10,900-14,500 fewer structures damaged
- In FY'25, Louisiana's annual coastal investment will be the highest ever at \$1.7 billion. It supports 136 active projects to nourish 12,770 acres and improve 121 miles of levee.

Economic Benefits of Avoided Land Loss and Storm Vulnerability (adjusted for 2023 dollars)

Loss Avoidance Category	Economic Values Estimated
Capital stock loss from land loss	\$2.8 B to \$4.6 B
Economic Activity Disruption from land loss	\$7.7 B to \$9.8 B
Capital stock loss from increased storm damage	\$13.3 B to \$176.4 B
Economic activity disruption from increased storm damage	\$6.6 B to \$67.7 B

GOMESA

- GOMESA max award to State of LA (CPRA and Parishes)
 - Most recent—Cap Hit; \$353M total sent to Gulf; \$156.2M to LA (\$124.9 CPRA/\$31.3M)
44% of all revenues shared with Gulf Producing States
- Eligible Uses (federal) from [GOMESA](#)
 - Coastal protection, including conservation, coastal restoration, hurricane protection, and infrastructure directly affected by coastal wetland loss
 - Mitigation of damage to fish, wildlife, or natural resources
 - Implementation of a federally-approved marine, coastal, or comprehensive conservation management plan
 - Mitigation of the impact of OCS activities through the funding of onshore infrastructure projects
 - Planning assistance and the administrative costs of complying with this section (limited to 3%)
- Eligible Uses from CPRA Trust Fund ([Constitution 7 10.2](#))

- “The money in the fund may be appropriated for purposes consistent with the Coastal Protection Plan developed by the Coastal Protection and Restoration Authority...No appropriation shall be made from the fund inconsistent with the purposes of the plan.”
- Coastal protection, including conservation, coastal restoration, hurricane protection, and infrastructure directly impacted by coastal wetlands losses (infrastructure capped at 10% by state law).
- Percent of Total CPRA Revenues from GOMESA
 - FY’25 Annual Plan shows
 - Revenues--\$90M GOMESA; \$79.6M GOMESA Carry-forward (\$169.6M) and Total Revenues of \$1,710.7 M =**10% of CPRA Revenues in FY’25**
 - 3-year average FY’25-FY’27 is 12.4%
- Key Projects Built with GOMESA \$\$\$
 - Bayou Chene--\$80M regional flood protection located in St. Mary but benefitting 6 parishes. (30,000 people and 1,000 businesses benefit).
 - SW Coastal home elevation project in conjunction with Corps
 - MTG system
 - Parish Matching Program to leverage \$\$ flowing directly to Parishes for greater impact
 - Ecosystem: NW Little Lake Marsh; East Bank Sediment Transport Corridor;
- Importance of GOMESA as a funding stream
 - Direct \$\$; not a grant reimbursable
 - Provides for *proactive* investment to reduce disaster damages
 - Flexible—nonstructural, restoration, protection all eligible, (some funding streams are not) also coast-wide
 - Provides money directly to parishes for their priorities
 - Can be used to cash flow other revenue streams that are grant reimbursable (NFWF, RESTORE)
 - State Law guarantees balanced investments in protection and restoration from GOMESA
 - Importance of GOMESA will grow as BP revenues diminish (larger and larger % of total funds available to CPRA)

GULF OIL AND GAS

- Federal offshore production accounts for 15% total US crude oil production and 5% total dry natural gas production
- The United States produced more **crude oil** than any nation at any time for the past six years in a row according to the [Energy Information Administration](#) (3/2024);

- The United States also exported more **liquefied natural gas** than any other country in 2023 ([EIA](#));
- Louisiana is a very large part of that story—3rd in natural gas production (10% of total); fifth in natural gas reserves (7% of us total) ([EIA](#));
 - 15 oil refineries account for nearly 1/6th of total U.S. refining capacity
 - In 2022, we shipped **63% of all US LNG exports** and 14% of coal exports.

OFFSHORE WIND IN THE GULF OF MEXICO

- Louisiana businesses have helped to design and build equipment and vessels for Atlantic offshore wind farms.
 - By 2031 a [recent report](#) suggests that LA's export potential and procurement goals for Offshore Wind could generate more than 3,700 jobs across manufacturing, shipbuilding, installation and commissioning, and operations and maintenance.
 - At least 15 companies have already supplied goods and services for offshore wind projects
 - More than 450 companies across LA could one-day support offshore wind.
- [Gulf Offshore Wind Lease Sale](#) (8/29/23)
 - \$5.6M winning bid to RWE (Germany)
 - 2 bids for Lake Charles area; 0 bids for either TX area
 - \$55/acre winning bid plus \$860K credits for workforce training and domestic supply chain and \$430K credits for fisheries compensatory mitigation
 - 1.24 GW capacity=434,400 homes

Scenarios for Federal Revenues from OSW ([Blanco](#))

- Includes assumptions about the percentage of leases that are offered and taken up; how much overall wind capacity is finally developed on those leases;
- Estimates are for total revenues arriving by 2030 (takes time to build the project and get the operating revenues).
 - Bonus Bids the largest potential source of revenues—highly dependent on demand for leasing areas, general bullishness on the project needs--were very low in lease 1
 - Rents very low and depend on how much of the leased area is taken up and then stays out of production. Fixed at \$3/acre.
 - Operating fees—formulaic; depends on price of wholesale electricity, installed capacity, and hours per year. \$3-\$30M per year.
- Medium Scenario.
 - Bonus Bids of \$404.6 Million
 - First Year Rents of \$0.7 Million
 - Operating Fees of \$8.2 Million at full capacity.

Future Gulf Offshore Wind Lease Sales

- Sale 2: September, 2024—*cancelled by BOEM for lack of competitive interest; However, there is an ongoing unsolicited lease request in TX wind energy areas.*
- Sale 3: Q3 2025
- Sale 4: Q3 2027

RISEE Eligible Uses for Wind Energy Money (via National Oceans and Coastal Security Fund)

- Coastal restoration
- Hurricane protection
- Infrastructure
- Mitigate damage to fish, wildlife, or other natural resources
- Fisheries science and research
- Implement a marine, coastal, or conservation management plan

REFERENCES

Offshore Wind in the Gulf of Mexico: Natural Resource Revenue Potential. BLANCO Center. May, 2023.

Investment Decisions for Coastal Restoration: Timely Actions, Sustainable Benefits. BLANCO Center. August, 2023

Louisiana Offshore Wind Supply Chain Assessment. Xodus, GNO, Inc., Southeastern Wind Coalition, CPEX, Pew

Guest Column: Louisiana's Energy Future Hinges on What We Do Now. Marc Ehrhardt, Tommy Faucheux, and Mike Moncla. [The Advocate, July 31, 2024.](#)

Barnes, S. et al. Investment Decisions for Coastal Restoration: Timely Actions, Sustainable Benefits. Policy Research Brief, August 2023.

<https://blancocenter.louisiana.edu/sites/blancocenter/files/Blanco%20Center-Timing%20of%20Benefits-Aug%202023.pdf>

FREQUENTLY ASKED QUESTIONS

WHAT IS THE “WIND AMENDMENT”?

The Constitutional Amendment provides that *federal* revenues received by Louisiana from Outer Continental Shelf alternative or renewable energy production shall be deposited into the Coastal Trust Fund. It would amend the current state law already dedicating federal oil and gas revenues to the coastal trust fund to also include offshore renewable and alternative energy sources. This state constitutional amendment will be on the ballot on November 5th, 2024.

WHAT THIS CONSTITUTIONAL AMENDMENT DOES NOT DO

- Does not take money from the state General Fund or away from other important state projects and programs.
- Not slow or disincentivize the production of oil and gas in the Gulf of Mexico
- Not a subsidy for wind energy production in the Gulf of Mexico
- WILL NOT increase the cost of doing business for energy companies in the Gulf of Mexico

Passing this amendment means that *if and when* alternative energy production occurs in the waters off Louisiana’s coast *AND* federal law changes to allow for sharing qualifying revenues from that production, those federal dollars will be dedicated to the Coastal Trust Fund for use on coastal master plan projects that will protect and restore our coast and communities.

HOW WILL THIS BENEFIT LOUISIANA’S COASTAL PROGRAM IF PASSED ON NOVEMBER 5TH?

Only one offshore lease sale has occurred so far in the Gulf of Mexico so it is difficult to predict how the alternative and renewable industries will grow in the future or how large of a financial impact it would have for the coastal trust fund. But, what is clear is that without a change in federal law and this constitutional amendment, none of that funding will support the protection or restoration of our coast.

While dollar amounts are small today, passage of this amendment would send a clear message that all types of energy produced off our coast depend on a healthy and resilient coast and should contribute to its protection and restoration. It would present a powerful argument to federal lawmakers that Louisiana will invest additional OCS revenues it receives wisely, and it would be a critical first step toward shrinking the coastal program’s upcoming funding gap.

WHAT ABOUT RESIDENTS AND COMMUNITIES OUTSIDE THE COASTAL AREA? HOW DO THEY BENEFIT FROM THIS OR WHAT OPTIONS DO THEY HAVE FOR FUTURE FUNDING FOR THEIR NEEDS?

A functional Louisiana coastline not only protects against physical damage for those who live there but protects the economy of the entire state from the impacts of hurricanes and sea level rise. The coastal crisis affects homes and home values, unique and rich cultural traditions, threatens major economic engines and assets like oil and gas refineries, manufacturing complexes, pipelines, and ports, threatens navigation, harms our fisheries, and casts a pall over Louisiana's efforts to attract tourists and business development.

Additionally, during committee hearings on this Constitutional Amendment, the author and other legislators discussed the idea of a similar bill taking shape to capture onshore revenue from wind, solar and other alternative energy sources similar in nature to this bill. The goal there would be to have a fund where that money could go for priorities in north and central Louisiana.

WHAT ABOUT BIRDS AND OTHER WILDLIFE BEING HARMED BY OFFSHORE WIND?

The Bureau of Ocean Energy Management (BOEM) identified options for offshore wind energy development in the Gulf of Mexico that do a good job of avoiding serious impacts to wildlife and habitats. The sites are all more than 20 miles offshore, are far from the footprint of the Flower Garden Banks National Marine Sanctuary, and avoid critical Rice's whale habitat areas. Louisianans can feel confident that offshore wind energy resources can be developed effectively in federal waters in the Gulf of Mexico, with far less impact on wildlife and habitat than from oil and gas development. National Wildlife Federation supports the responsible development of offshore wind energy, and works closely with regulators and the industry to ensure wildlife are protected at every step of the development process.

Reactive Messaging

WHAT ABOUT BIRDS?

Responsible offshore wind development begins with avoiding areas with the highest potential impact to birds and other wildlife. The Bureau of Ocean Energy Management selected federal lease areas for offshore wind that are the least likely to be used by seabirds, thanks to years of surveys and analysis. Under favorable conditions, data indicates that migrating birds fly over the Gulf at altitudes much

higher than wind turbines, and avian monitoring technology is helping to better inform this notion , and more on that is below.

WHAT ABOUT WHALES?

The areas designated for offshore wind development in federal waters are far from Rice's whale habitat and developers will need to adhere to strict regulations to minimize and mitigate impacts on any whales in their vicinity. As offshore wind developers draft construction and operations plans in the coming years, regulators, developers, and wildlife experts will work together to implement risk-reduction measures such as installing foundations that require less pile driving (or none at all), technology like bubble curtains to reduce construction noise, avoiding nighttime transit, monitoring zones around construction activity and pausing when whales get too close, and limiting impactful activities during times of highest risk.

ⁱ Barnes, S. *et al.* Economic Evaluation of Coastal Land Loss in Louisiana. *J. Ocean Coast. Econ.* **4**, 1-39 (2017). <https://coastal.la.gov/wp-content/uploads/2015/12/LSU-Rand-Report-on-Economics-of-Land-Loss.pdf>

ⁱⁱ Barnes, S. *et al.* Investment Decisions for Coastal Restoration: Timely Actions, Sustainable Benefits. Policy Research Brief, August 2023. <https://blancocenter.louisiana.edu/sites/blancocenter/files/Blanco%20Center-Timing%20of%20Benefits-Aug%202023.pdf>

ⁱⁱⁱ Barnes, S. *et al.* Investment Decisions for Coastal Restoration: Timely Actions, Sustainable Benefits. Policy Research Brief, August 2023. <https://blancocenter.louisiana.edu/sites/blancocenter/files/Blanco%20Center-Timing%20of%20Benefits-Aug%202023.pdf>