

# COAST GUARD AUTHORIZATION ACT: THE IMPACT ON OFFSHORE NATURAL GAS AND OIL OPERATIONS

The Coast Guard Authorization Act (H.R. 3409), passed by the House, includes language in Section 305 that would apply the Jones Act to vessels installing or removing large offshore facilities on the Outer Continental Shelf. Specifically, it imposes a waiver process that suggests all offshore natural gas and oil installation, construction, and removal activities are subject to the Jones Act.

**The effects of this provision, which incorrectly considers these construction activities as transportation, could lead to significant delays in offshore exploration and development projects, as well as reduced investment and government revenues. Congress should instead defer to the regulatory process so that all potential impacts are considered and addressed in a safe and technically feasible manner.**

## Projected Economic Impact\*

- An **immediate loss of over 20,000 jobs** supported in 2020
- An average **reduction in employment of nearly 100,000 jobs** from 2020 to 2025
- **Decreased spending of \$7.1 billion a year** on offshore operations in the Gulf of Mexico
- **Decreased production of around 560,000 barrels** of oil equivalent per day
- A **loss of around \$154 billion of GDP** from 2020 to 2040
- A **loss of around \$22 billion of government revenue** from 2020 to 2040
- A **loss of over \$390 million in revenue sharing** to the Gulf Coast states from 2020 to 2040

## Safety Impact

- Would **shift decision-making authority from offshore safety and operations experts** at the Bureau of Safety and Environmental Enforcement and the U.S. Coast Guard to the Department of Transportation, **significantly weakening the safety oversight**
- Could **mandate operators to use suboptimal vessels**, including those that have been retrofitted or are unfit for their purpose

## Projected Conservation Funding Impact\*

- A **loss of \$10 million annually in future funding for the Land and Water Conservation Fund (LWCF)**, which is almost entirely supported by offshore natural gas and oil production revenues
- Would impact funding to protect wildlife habitats, outdoor recreational areas, and national parks across the country

*The Senate Coast Guard Authorization Act (S. 2297), passed by the Senate Commerce Committee, does not expand the Jones Act, which is good for U.S. energy production and the economic growth it delivers.*

**We urge you to oppose the Jones Act language included in the House Coast Guard bill.**