

MMS Alaska OCS Region

News Release

For Immediate Release

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\$65 Million Goes To Six Coastal States In Final 8(g) Settlement Payment

The State of Alaska received \$13.4 million from the U.S. Department of the Interior's Minerals Management Service in April. The MMS disbursed \$65 million to six coastal states: Alabama, Alaska, California, Louisiana, Mississippi and Texas in April.

This was the final of 15 annual payments based on settlement legislation regarding the allocation of royalties, rents and bonuses from certain federal offshore oil and gas leases.

The 1978 Outer Continental Shelf (OCS) Lands Act Amendments provided for certain coastal states and the federal government to share revenues earned from OCS leases, generally, three to six miles beyond a state's coastal boundary. This area, known as the 8(g) zone, is named after the enabling paragraph of that legislation. Between 1978 and 1986, revenues earned in the 8(g) zone were placed in escrow, pending agreement on a formula for dividing those earnings.

In 1986, the U.S. Congress determined that coastal states would receive 27 percent of the 8(g) income held in escrow, with the remaining 73 percent going to the federal government. At that time, the escrow account contained about \$6 billion, about \$1.5 billion of which was paid to the states. The remaining \$4.5 billion went into the U.S. Treasury General Fund.

The settlement also identified an additional \$650 million to be paid to the states, incrementally, over a 15-year period: three percent of their share for each of the first five years, seven percent annually for the second five years, and ten percent annually for the final five years.

In this last year, one of the "ten percent years" of the agreement, the states received \$65 million. The final installment to individual states was:

California	\$28.9 million
Alaska	13.4 million
Texas	13.4 million
Louisiana	8.4 million
Alabama	.7 million
<u>Mississippi</u>	<u>.2 million</u>
Total	\$65. million

Including this year's payment, these states have received a combined total of \$650 million.

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