

March 8, 2018



Bureau of Ocean Energy Management
Office of Public Affairs
1849 C Street, NW
Washington, D.C. 20240

Attention: BOEM-2017-0074

The decision by the United States Department of the Interior to overhaul the nation's offshore energy policy is a profoundly significant effort that could have huge impact on coastal regions, including the Myrtle Beach area of South Carolina. Obviously, a decision like this cannot be made in haste, nor can good policy be made without thorough study and consideration of all relevant facts, details, analyses and perspectives. We applaud the efforts by the Department of Interior and, in particular, the Bureau of Ocean Energy Management (BOEM), to conduct an open process that provides necessary information to all stakeholders. It is our sincere desire that reasoned thinking and fact-based analysis will ultimately guide policymakers on this matter, as it is of great importance to the residents, businesses and visitors of this region.

The Myrtle Beach Area Chamber of Commerce serves 2,800+ businesses which employ 56,000 employees throughout the Myrtle Beach area. Our mission is, simply, to promote, protect and improve the region and its businesses. We recognize the importance of maintaining a plentiful, diverse supply of energy resources to ensure the quality of life and level of commerce needed to sustain our region. Likewise, we also recognize the economic importance and national security impact of being self-sufficient for energy needs. However, we also cannot overlook any potential negative impact to our economy and quality of life that may occur as unintended consequences of energy development.

As noted recently in an editorial written by Mark Harmon, Executive Director of the South Carolina Petroleum Council, the public support for offshore energy development is based on "the potential economic benefits of development and acknowledgment that natural gas and oil are the lifeline of our economy." We also recognize there are many voices opposed to offshore energy development due to a variety of reasons, not the least of which is the potential for irreparable harm to our environment. Any negative impact to the coastal environment would ultimately be a threat to South Carolina's tourism industry, which is vital to South Carolina's economic success. Considering the benefits of offshore energy development without considering the impact upon tourism and quality of life would be foolish.

Balancing the needs of our future energy needs and potential with the need for sustaining our quality of life and tourism is paramount to establishing good policy in this matter. With this in mind, we have identified the following issues which will likely guide our views on offshore energy development:

1. The BOEM Offshore Environmental Cost Model (OECM) calculates the environmental and social costs resulting from the impact of activities associated with Outer Continental Shelf (OCS) energy production. However, it does not appear to us that this analysis has taken into consider the full benefits of tourism. For example, in the Myrtle Beach area, 92% of tourist taxes are used for important public services, such as education, infrastructure and law enforcement. While the percentage and uses may vary from one community to the next, it's widely known throughout the state of South Carolina that tourism "pays the bills". Has the Department of Interior and/or BOEM conducted a full analysis of the cost of OCS production in relation to the economic benefits of tourism?

2. BOEM recently release an economic analysis that estimated the energy production in the Atlantic reach to be a \$4 Billion industry with significant impact on employment. While this is noteworthy, these figures are relatively small in comparison to the impact of tourism. For example, tourism in the Myrtle Beach area (a very small portion of the Atlantic region) accounts for more than \$7 Billion of economic impact and 83,000 jobs. We recognize that the economic potential of the Outer Continental Shelf Oil and Gas Leasing program will expand the economic impact within the Atlantic region, but has any comparable analysis been conducted relative to coastal tourism and its growth potential? While this is not a zero-sum game between two industries, the concerns of coastal interests related to the potential negative impact of offshore energy development must not be overlooked.
3. There appears to be no proposed "buffer" between the South Carolina coast and potential energy development in the OCS that would limit the impact on the coastal region. Presumably this is because of the lack of updated information and studies. While we recognize the need for updated information before making important policy decisions, the lack of a proposed buffer suggests that the impact upon the coastal region and its tourism economy is of secondary importance. Opinions will certainly vary on whether a buffer is helpful and, if so, how much distance the buffer should span. Nevertheless, the lack of a buffer between proposed leasing areas and the coast is problematic for those seeking to optimize energy production without damaging the coastal region.
4. One compelling argument commonly expressed in support of expansion of offshore energy production is the economic benefits to the state/region. While this policy decision should not be made merely on economic benefits, we must not ignore that, either. However, there appears to be little consensus on how the royalties or public benefit of offshore energy production would be shared. We know the benefits of tourist taxes and related public revenues. Without those revenues, our community's quality of life and economic health would be jeopardized. BOEM could raise the level of discussion about the economic benefits of offshore energy production by providing likely (or possible) economic benefits to regions or states.
5. The Myrtle Beach area is one of the fastest-growing communities in the United States and its visitor economy is growing rapidly, as well. Yet we lack the infrastructure needed to maintain this growth. For example, the Myrtle Beach area is home to 300,000+ permanent residents and welcomes nearly 19 million visitors, yet the area has no interstate highway. It's likely that offshore energy production would utilize local infrastructure. Has BOEM conducted any level of analysis pertaining to the use of existing infrastructure or necessary expansion of infrastructure to accommodate offshore energy production?

As we study this important policy decision and seek to express our views on behalf of the 56,000 employees we represent, it's imperative that we weigh the costs and benefits. We need adequate information and analysis to base our opinions and it's our hope that BOEM will take this information into consideration and provide whatever guidance and assistance necessary. We appreciate your open, inclusive process and believe these items will provide you, and us, with important facts that should not be overlooked.

Sincerely,

Board of Directors
Myrtle Beach Area Chamber of Commerce