

Bentley: BP settlement won't fix state budget

By Mary Sell Montgomery Bureau | Posted: Thursday, July 2, 2015 8:22 am

MONTGOMERY — Alabama will receive about \$2.3 billion in a settlement with BP over the 2010 Gulf of Mexico oil spill, Gov. Robert Bentley announced today.

About \$1 billion of that is for economic damages and will go to the state's General Fund in payments during an 18-year period. Information about whether the money will come in equal annual amounts was not available today, and it's not known yet when the first payment will arrive.

Bentley at a press conference today talked about the environmental and economic impacts of the spill and said both were significant hardships for the state.

Bentley said that the announcement, shared today by other coastal states, does not resolve the looming shortfall in the state's 2016 General Fund budget. He said a special session to address the \$200 million hole in the budget is still needed.

"It will not factor into the special session," Bentley said.

Divided by 18 years, the \$1 billion settlement equals about \$55 million a year.

Jere Beasley, head of the Beasley Allen Law Firm in Montgomery that assisted the state in the litigation and calculated damages, said the settlement amount was fair.

"In fact, based on everything we had, information from all department heads, all the projections and actual losses that we could prove, it's a very good settlement," said Beasley, a former Alabama lieutenant governor. "In fact, it was more, quite honestly, than I thought they'd pay."

Rep. Ed Henry, R-Hartselle, said today that he'd like to see the money put aside in a separate trust.

"Historically, the Legislature and the governor have taken these one-time moneys and used them to shore up state government," Henry said. "If we are going to be fiscally responsible, we should take this settlement money, put it into a trust, and only use that interest to fund government."

Henry was supportive earlier this year of legislation that would put all state settlement money into a trust. Most of the interest generated would flow toward the General Fund. That bill didn't get much traction, but Henry said it will be brought back next year.

In total, the principal settlement between BP and other states following the 2010 oil spill is \$18.7 billion. The agreements were signed Wednesday and still need court approval. Beasley said that should happen very soon.

About \$1.3 billion will go toward coastal restoration in Mobile and Baldwin counties.

Alabama Attorney General Luther Strange said this case may be the largest economic damages case ever handled by the attorney general's office.

Asked how much money will go toward attorney fees, Bentley said that will be up to the court but won't come from the settlement.

Beasley said that his firm has put in more than 22,000 man hours and fronted about \$1.5 million in costs for the state.

Today's settlement announcement comes as a federal judge was preparing to rule on how much BP owed in federal Clean Water Act penalties after well over 125 million gallons of oil spewed into the Gulf.

BP PLC chairman Carl-Henric Svanberg said the settlement reflected the company's commitment to restoring the Gulf of Mexico economically and environmentally, and provided the company with closure going forward.

"It resolves the company's largest remaining legal exposures, provides clarity on costs and creates certainty of payment for all parties involved," Svanberg said.

The company had been facing an additional roughly \$13.7 billion in possible Clean Water Act penalties alone, with possibly billions more resulting from other legal cases.

BP has said its spill-related costs already exceed \$42 billion — even without the Clean Water Act fine. It's also unclear how much BP will end up paying under a 2012 settlement with individuals and businesses claiming spill-related losses.

The spill resulted from the April 20, 2010, explosion of the Deepwater Horizon rig, which killed 11 workers.