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Miss. grapples with spill's lasting economic toll

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Dwayne Lehman leaned against his pickup as night fell over the harbor and reminisced about Paw Paw teaching him to fish decades ago.

Lehman, 43, was raised on the water, a fact confirmed by the dirt in his cuticles, the scruff on his face and the salt in his blood.

"You tell a farmer he can't dig, he's ruined," he said. "You tell a fisherman he can't fish, you destroy him. You can't put a price on that."

Yet officials will attempt to put a price on the BP oil spill in the months, years, maybe decades ahead.

In the process, Mississippi will learn details of the Gulf Coast counties' vital role in the state economy.

Every dollar lost in wages and opportunity is a knock on the already hemorrhaging state budget.

Gov. Haley Barbour announced last week that BP and the federal government are expected to split the \$600,000 tab for a yearlong economic impact study.

"We need a clear grasp on how this oil spill might impact the state and communities for years to come," Barbour said in a statement.

Recently, Barbour said there was no need to track state losses to recoup revenue from BP.

As the state fiscal year closed June 30, Barbour said taxes owed to Mississippi and local governments will be based on what BP pays to individuals and businesses.

"The point is we don't want to go spending money to collect this information," he said. "BP is collecting it. So we'll get it from them."

But Barbour spokesman Dan Turner said the governor is "open to the idea" of using the study to craft a claim down the road, Turner said.

Otherwise, Mississippi may come up short.

Business owners on the Gulf Coast are reporting a slowdown in economic activity layers back from the spill, such as in commercial and residential real estate.

Yet not all of them plan to file a claim with BP.

And some Gulf Coast residents remain uncertain about whether they have legitimate claims. Among them is Biloxi house painter Doug Turberville.

His primary contractor builds waterfront homes. This time last year, Turberville said he'd painted 20 new homes; this year, two.

"If he ain't building houses, I'm not painting," he said.

Jobvor Pittman, a truck driver, totes wares, including seafood. Business has slowed, but he's not sure why.

"I was figuring since I wasn't directly impacted, I didn't know if I could get anything done or not," Pittman said. "I don't even know who to ask."

Drawing the line

Determining where to draw the line for BP claims is a major policy decision facing Ken Feinberg, tapped by President Barack Obama to oversee compensation.

"Where do you decide is the appropriate cutoff where the spill caused the injury or the damage? That's a very critical question," he said.

Feinberg had a similar job after 9-11. With that fund, Feinberg said, this question was answered by state law.

That's one option for setting a standard of legitimate claims, Feinberg said during a recent trip to Mississippi.

Out-of-work fishermen seem obvious. But what about a laid-off teacher or a family cut off from vital state services if the spill impacts state tax collections?

Local trial lawyer Billy Quin, who helped settle Mississippi's MCI back taxes case, said state statute and common law won't clear up Feinberg's question.

"If someone makes a state law claim, as they could, then it would be up to the court to ask this question: Was it foreseeable for BP ... to anticipate that a state worker might go out of work caused by environmental damage and tax losses due to their harm from the spill?"

That policy question, Quin said, must be answered by Feinberg or the courts, or both, "unless the Legislature jumped both feet in."

He doubts lawmakers would.

A different disaster

After Katrina, state revenues spiked as displaced homeowners moved north into hotels, as volunteers moved south into hotels, and residents and businesses spent millions in insurance funds rebuilding. That uptick lasted until the recession hit, said Darrin Webb, the state's chief economist.

With the oil spill, there's nothing to rebuild. The devastation is on water, not land. There are cleanup crews, but not of the same scale.

"I don't think it's anywhere near the extent Katrina was," Webb said. "I don't look for it to be a noticeable jump. ... The tourism side is obviously a big negative."

And there's a major variable: Oil still is spewing and washing ashore.

"This is like watching a disaster in slow motion," said Rich Forgette, chairman of the political science department at the University of Mississippi and a member of the research team charged with tallying the economic impact. "We haven't seen the end of it by any stretch."

Because Lehman no longer can fish, he's traded fishing for skimming oil.

"Paw Paw used to shrimp out here," Lehman said. "Paw Paw wouldn't stand here and speak English about it."

But money hasn't been a problem, Lehman said.

He is one of dozens of out-of-work fishermen drawing steady pay via BP's Vessels of Opportunity program.

The British oil giant promised to hire as many locals as possible to help clean up. That could help offset wage losses, at least in the interim.

According to IHS Global Insight, the industries of agriculture, forestry and fishing account for about 2.5 percent, or \$1.8 billion, of Mississippi's \$71 billion gross state product.

A USM study said the oil spill could cost Jackson, Harrison and Hancock counties nearly \$120 million in the tourism and service sectors.

The study, by researchers David Butler and Edward Sayre, estimates a 5 percent revenue loss from May through August.

"In the short run, it's a relatively manageable number," State Treasurer Tate Reeves said. "What we don't know is what the long-term ramifications are going to be."

The Mississippi Development Authority estimated statewide tourism expenditures were down about 7 percent in fiscal 2010 to \$5.2 billion. The Coast accounts for roughly a third of that.

But that loss is for the entire fiscal year, "so much of this impact is probably due to economic factors as opposed to the oil spill," said Mary Beth Wilkerson, MDA's director of tourism.

BP's pocketbook

Thus far, BP has provided \$50 million for state and local governments to use for cleanup and mitigation and \$15 million for a tourism campaign.

Most of the state's \$25 million share is going to build and lease skimmer boats and pay their operational costs, said Robbie Wilbur, of the Department of Environmental Quality.

Further, BP is reimbursing the state's response activities under the federal Oil Pollution Act. DEQ estimates it is spending about \$850,000 a month in salary, travel and use of agency equipment related to the spill.

This month, the Mississippi Department of Mental Health joined other Gulf states in requesting funds for counseling services.

The department wants \$10 million for six months to aid Coastal community mental health providers.

Department spokeswoman Wendy Bailey said a failure to offer treatment on the front end could lead to more severe problems down the road. At that point, Bailey said, "our system will be overwhelmed."

Bailey said the department has started tracking oil-spill related calls to its help line.

Turner, the governor's spokesman, said there is a government claims process in place for the numerous state agencies that are likely to be impacted by the oil spill.

"We want to make sure we address Gulf Coast residents' mental health concerns and counseling needs brought on by the spill, and we'll work with the Department of Mental Health to recoup those expenses," he said.

Additional Facts

Budget Busters

This is the first in an ongoing series of stories on Mississippi's budget and the consequences of steep cuts.
