

This message was sent on behalf of all the organizations listed as signatories below.

RE: Please Oppose Senate Bill 490

March 24, 2009

Dear Senator:

We write on behalf of a coalition of over 70 conservation, environmental, hunting and fishing organizations to urge you to oppose Senate Bill 490. This bill diverts \$174 million from the Oil and Gas Lease Fund to the General Fund. SB 490 breaks with the principle established by the General Assembly, Maurice “Doc” Goddard and other farsighted conservation leaders in 1955, followed by every successive administration and through seven recessions, of taking revenues from the sale and drilling of *nonrenewable* oil and gas resources owned by the Commonwealth and reinvesting this money into state forest and state park assets that would last for generations.

We appreciate the difficult budgetary situation facing the Commonwealth. We know that all interests and programs must make sacrifices. But diverting over 90 percent of these revenues from the Oil and Gas Lease Fund is simply too much, especially when using the money for its intended purpose could put citizens back to work by improving our parks and forests, cleaning up streams and investing in green infrastructure.

Since there could be future leases on state land, and since the 1955 law also directs royalty payments into the Oil and Gas Lease Fund, passing SB 490 would set a bad precedent for future use of the money. We believe that establishing a severance tax on natural gas, following the path of other significant gas producing states such as Texas and West Virginia, is the prudent and effective way to craft public policy in this area.

Continue the legacy of investment

We want to work with Republican and Democratic Senators who have expressed support for restoring some of the money to conservation projects for which it was intended and used for over 50 years. We can provide detailed suggestions for use of gas lease revenues, consistent with the traditional purposes of the Oil and Gas Lease Fund and the need for economic stimulus. Our economy would benefit from the construction work and the associated jobs that would be created. The Commonwealth’s tourism, sporting and recreational businesses would also benefit, preserving many retail and service sector jobs. With the economy in a downturn, Pennsylvanians, who may have otherwise been planning to travel out-of-state for family vacations, will more likely be staying closer to home visiting our parks, forests, and many related businesses. This important work would also supplement the investments the General Assembly has made through the Growing Greener II bond program.

When the General Assembly created the Oil and Gas Lease Fund in 1955, they committed a funding stream to reinvest in the magnificent system of public conservation lands they inherited from their predecessors. They recognized that when government allows oil or gas to be extracted from the state forests owned by the people of the Commonwealth, the government should reinvest the resulting revenues in our future – not in daily operations. They recognized that the revenues should be invested in green infrastructure to mitigate the environmental damage done from extracting and drilling.

A severance tax is the better public policy option

We support a fair and reasonable severance tax on natural gas, and believe that this is a vastly preferable policy option to one-year budgetary transfers and fixes, or opening up vast tracts of our state forests to drilling. Thirty-nine other states utilize some sort of severance or extraction tax on natural gas, including many states with significant natural gas resources. Governor Rendell has proposed using the same taxing methodology for natural gas currently in use in West Virginia.

We support using a portion of the severance tax revenue for conservation programs via the Environmental Stewardship Fund, for the Pennsylvania Fish and Boat Commission and the Pennsylvania Game Commission for habitat protection and public access, and for local governments dealing with the impacts of drilling within their boundaries. These uses are appropriate for a portion of the funds because of the risks that the Marcellus Shale drilling poses to land, water, wildlife and communities. A recent statewide poll on the severance tax distributed to Senate offices shows that a majority of Pennsylvanians support taxing gas drilling, and nearly nine out of ten want a portion of the tax revenue used to protect Pennsylvania's land, water and wildlife.

Again, we urge you to oppose SB 490 unless substantial changes can be made to the bill. We reiterate our willingness to work with Senators who want to return some of the monies to the Oil and Gas Lease Fund for their intended purposes, and Senators who support our desire to enact a fair and reasonable severance tax on natural gas and use a portion of the proceeds to make valuable investments in our natural resources and communities.

Sincerely,

Andy Loza
Pennsylvania Land Trust Association

Jan Jarrett
Citizens for Pennsylvania's Future (PennFuture)

John Walliser
Pennsylvania Environmental Council

Jeff Schmidt
Sierra Club, Pennsylvania Chapter

Judy Schwank
10,000 Friends of Pennsylvania

David Masur
PennEnvironment

Bob Griffith
Pennsylvania Recreation and Park Society

Ron Ramsey
The Nature Conservancy, Pennsylvania Chapter

Brian Gallagher
Western Pennsylvania Conservancy

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