



## **Gas Drilling Impact Fee** ***An Opportunity to Invest in the Future*** ***And Insure a Legacy***

Pennsylvania sits atop one of the largest deposits of natural gas in the world – the Marcellus Shale formation. This valuable resource provides an immense opportunity to use cleaner, more environmentally sound energy as natural gas emits about 50 percent less carbon when burned.

But the extraction of this gas can impose heavy costs on our communities and environment – pipelines, drilling pads and wastewater storage pits alter our landscapes and fragment wildlife habitat, heavy rigs damage our roads, and drillers take billions of gallons of water from our streams to crack the shale. In some cases drilling errors have already contaminated our land and drinking water, such as the explosion in Dimock.

***Pennsylvania must enact a gas drilling impact fee to ensure that gas drillers - not the Pennsylvania taxpayers - shoulder the public costs that come with increased gas drilling.***

Drillers pay an impact fee in other states they do business

Out of the top 15 natural gas producing states, Pennsylvania is the only one that doesn't have a fee to compensate for the loss of our natural resources and help fix the scars of extraction. An impact fee (also called a severance tax) identical to the one in place in West Virginia since 1987 would raise more than \$100 million a year initially, rising to more than \$630 million annually by 2014.

Pennsylvania is ideally situated close to large markets, and since the cost to transport natural gas constitutes at least 40 percent of the price, Pennsylvania gas is among the cheapest in the country. Even with an impact fee, Pennsylvania gas will still be a good value.

Most gas companies operating in Pennsylvania are limited liability companies (LLC), which means they pay only the 3.07 percent personal income tax, not the 9.99 percent corporate income tax that other companies pay.

Environmental funding is running out

Pennsylvania has already made significant investments in ensuring that our magnificent natural heritage will be passed on to our children. But that funding will soon end. Greener II bond money is nearly depleted and it will all be gone by 2012. Nearly half of the Environmental Stewardship Fund money is being diverted this year to pay off debt for Growing Greener II bonds, and that amount could grow to \$60 million over the next several years. And the Oil and

Gas Lease Fund, created in 1955 to reinvest in Pennsylvania's green infrastructure, has been raided to help close the General Fund budget gap.

We must protect and restore our natural resources

For generations, Pennsylvania's waterways and public lands have been the backbone of our billion-dollar outdoor recreation and tourism industries. We must protect our economy and environment from natural gas drilling.

A portion of an impact fee should be dedicated to:

- The Environmental Stewardship Fund, the Fish and Boat Commission, and the Game Commission to be invested in projects and programs that protect, restore and conserve our natural resources for generations to come.
- Reclaim thousands of acres of abandoned mine lands and cap thousands of abandoned oil and gas wells, restoring these lands for full use by communities.
- Safeguard drinking water supplies and restore hundreds of miles of streams and fish habitat.
- Enhance health and quality of life through investments in community park infrastructure such as trails, ball fields, pools, picnic pavilions and more.
- Protect green spaces that are special to communities.
- Improve Pennsylvania's state parks and forests so that Pennsylvanians and tourists can fully enjoy these treasures again.
- Make critical investments in water and sewer infrastructure via PennVEST.

We must levy an impact fee now.

Multi-national corporations, such as ExxonMobil, are rushing to Pennsylvania to take advantage of the tremendous resource under our land. This represents a great opportunity to make the transition to cleaner fuel. But without an impact fee, we bear all the risks while the companies make all the profit. Pennsylvania cannot afford to ignore the lessons of the past, with coal mining leaving billion dollar damage to our water and land. We must pass an impact fee now.

***You can make a difference.***

***Visit our online Take Action Center at [www.pennfuture.org](http://www.pennfuture.org) to send an email to your legislators and to urge their support for a natural gas impact fee.***