

## **Newspapers Across PA Say Severance Tax is Right, Fair Approach**

Whether they serve a major metropolitan market or a rural area in the heart of the state's natural gas drilling boom, newspapers across Pennsylvania have said it's time to enact a severance tax.

### **The Pottsville Republican & Herald believes a tax would not slow drilling's frenzied pace:**

Clearly, the gas rush is on. The quite reasonable tax proposed by Rendell last year, as a means to help cover a massive deficit, would not inhibit that rush. ...In order for the state to realize a fair return for the extraction of a natural resource, a severance tax is essential. (Feb. 4, 2010)

### **The Towanda Daily Review notes that the industry accepts severance fees in other states:**

Exploitation of the Marcellus Shale natural gas field in Pennsylvania has entered the boom stage.

[Governor Rendell] said he again would ask the Legislature to adopt a "severance" tax on extracted gas, which the House passed last year but which the Senate rejected.

Although these changes are new to Pennsylvania, they are not unusual within the industry, which deals with them in other states as the cost of doing business. Given the rapid growth of the industry in Pennsylvania, it's time for regulators and the Legislature to catch up to the curve. (Feb. 2, 2010)

### **Companies regard such fair fees as the "cost of doing business," writes the Scranton Times-Tribune:**

[Governor Rendell's proposed severance tax] is just about standard and widely regarded within the industry as part of the cost of doing business. ...State revenue results and projections indicate that another revenue shortfall looms. Over the last year the industry has answered any lingering questions about the viability of the gas fields. It's time to use the fair tax to share the wealth from the commonwealth's natural resource. (Jan. 25, 2010)

### **The Pocono Record writes that Senate Republicans are wrong to oppose a severance tax:**

[Governor Rendell's severance fee proposal will] still face strong opposition from Republican leaders. They're misguided. The possibility of a gas severance tax has not deterred energy companies from investing in Pennsylvania. ...The General Assembly should vote yes on taxing gas extraction. Rendell is right: The tax is appropriate, necessary and will help Pennsylvania move forward in a clouded economic climate. (Jan. 24, 2010)

### **The Lancaster Intelligencer Journal opines that special interests and lobbyists thwarted this responsible approach:**

[T]he state does not have a severance tax because some lawmakers, who received campaign contributions from gas-drilling companies and their lobbyists, convinced the governor that a severance tax would undermine the state's attempts to nurture this nascent industry.

The gas rush is on. Drillers expect to make a sizable profit from the state's natural gas reserves. A severance tax will help ensure that the state benefits from the drilling as well. (Jan. 20, 2010)

**The Harrisburg Patriot News has called for a severance tax on more than one occasion because...**

**...it's the fair approach to meeting the state's responsibilities:**

The water issues that are already surfacing reiterate the need for the Pennsylvania Legislature to wake up and enact a severance tax on gas drilling. This is not an "infant industry" in need of government support. It is our commonwealth that needs the financial and environmental protection to ensure the drilling is done fairly to all, including generations yet to come. (November 15, 2009)

The natural gas in the Marcellus Shale region is something Pennsylvania will never get back. When it's gone, it's gone, and the state should be compensated for this valuable and precious resource. ...The commonwealth also is likely to face environmental and infrastructure challenges from the extraction process. Pennsylvania needs funds as a protection against those future costs, some of which we understand now and some of which we can't even fully anticipate at the moment. (June 14, 2009)

**...lobbyists should not stand in the way of what's good for the state's future:**

But we are the only state that does not have an extraction tax on natural gas. This is not a coincidence. The Philadelphia Inquirer reported that the industry spent more than \$1 million lobbying the Legislature in the first half of [2009]. ...This isn't about just the next few months, it is about the next 10 years. Texas and Louisiana figured out how to reap significant benefits from the natural gas under their states. Pennsylvania needs to take advantage of this natural resources gift as well. (Oct. 11, 2009)

[Enacting a severance tax] is the key issue for not only this year but for generations to come. ...Democrats and Republicans need to see the full picture and pass what we like to call an "industry-conscious" tax now. (Feb. 8, 2010)

**...Pennsylvanians are paying severance taxes to other states, and residents outside the commonwealth will bear the lion's share of Pennsylvania's tax:**

This tax will fall as much if not more on those in New York than Pennsylvania. ...Similarly, Pennsylvanians who consume natural gas already are paying the severance tax — it's just we're paying it to Texas, Oklahoma and Kentucky from where we import much of our gas. (Feb. 8, 2010)

**...it's actually better for the industry's growth in Pennsylvania in the long-run:**

[I]t is more fair to companies to enact the tax now. Oil and gas drilling is an industry with large up-front investments. ...These companies -- large and small -- should know what they are dealing with when they make their revenue projections. (June 14, 2009)

**Recent corporate activity and the need to protect taxpaying families prove now's the time for a severance tax, according to the Philadelphia Inquirer:**

[E]nergy companies bid an average of \$4,020 an acre for the rights to drill on 32,000 acres of state forest in north-central Pennsylvania. It earned the state \$128.5 million, more than twice the amount called for by legislators. ...The industry has argued that imposing a production tax would discourage energy companies from drilling in Pennsylvania. But the money flowing in this game shows that argument is no longer valid, if it ever was.

By not instituting this tax, opponents are asking ordinary taxpayers to pay a greater share of the bill for state services, while allowing gas producers who are extracting the state's natural resources to pay less than their fair share. It makes no sense. (Jan. 18, 2010)

**The Pittsburgh Post-Gazette thinks Pennsylvanians deserve to be compensated for the nonrenewable resource being taken from the ground:**

...[L]egislators should agree that taxing this industry is both necessary and fair. ...[T]he tax would provide Pennsylvania with compensation for the loss of the nonrenewable natural resources that sit deep in the ground. The state increasingly will assume responsibility for byproducts of this commercial activity, and it is only fair that Pennsylvania share in the wealth that is being pulled out from under it. (June 7, 2009)

**With billions already spent in Pennsylvania, drilling companies will not leave if the state enacts a severance tax, writes the Chambersburg Public Opinion:**

Most other states that host the 95,000 square-mile Marcellus formation -- which include New York, Ohio, Maryland and West Virginia—levy a severance tax on drilling. We see no reason not to follow suit... We're close to the pipelines and these companies have already invested \$4 billion into their extraction infrastructure. Making sure that Pennsylvania gets its due for this incredible natural resource will not send them scurrying to hit up our neighbors. (March 28, 2009)