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Testimony Submitted by Beverly Braverman on Behalf of the Mountain Watershed Association.

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Regarding: Need for a Severance Tax

May 3rd and 4th I attended a Marcellus Shale Policy Conference held at Duquesne University. Throughout the conference a recurring discussion was that Pennsylvania needs a severance tax to provide for the needs of community externalities and for the state's ongoing environmental resurrection.

No one at the parts of the conference I attended suggested that assessing a reasonable tax will make the gas industry leave the state. This argument does not pass the laugh test. The gas is here---and here they will lease and drill. Let us assure that they do it responsibly, and that they value and respect the state in which many of them are now guests.

Also at the conference it became clear that many people felt we need to slow down. Comments indicated that the state was having difficulty keeping up with the necessary monitoring and oversight. The recent moratorium on leasing in our state forests indicates concern over the impacts gas development may have in these areas.

I will speak to three issues: community externalities, recreation, and Growing Greener.

Pennsylvania is the only state with major natural gas reserves that does not have a tax in place to help offset community costs and environmental costs that come with drilling. Numerous gas companies are presently signing leases both to drill in our public lands and to drill in small, relatively underserved communities. These companies are among the largest corporations in the United States and internationally. They can afford to pay for the damage they will do, for the burdens they will create, and for the privilege to drill in small communities that can ill afford to bear the infrastructure burdens their presence will mean. Many of these communities still bear the burdens of being resource colonies for coal mining. They do not need the added burdens of gas drilling without some

compensation for being a host municipality, for road maintenance, for emergency response exigencies, etc.

These companies include Chesapeake Energy Corporation, Marathon Oil, Exxon Mobile, and Consol Energy none of which needs a subsidy from communities with per capita incomes of under \$14,000.

These companies come into our communities and will not perform adequate water testing to determine sufficient baseline data to assure accuracy if water resources are contaminated. They only test for the constituents required by DEP, which we know are not adequate to the task. While someone leasing their property may have sufficient funds to have their water properly tested, their neighbors are digging deeply into their pockets to have their water completely tested. Or they are doing without. Someone at the Marcellus Policy Conference stated they felt it was bad business for a company not to do thorough water testing in the vicinity of a proposed well. It is, but it is how they are conducting their business nonetheless. Part of any severance tax should be used to ensure adequate, appropriate water sampling and testing.

The Commonwealth of Pennsylvania will need a fair share of the cost of the gas extracted from the very bowels of our state to pay for damages caused by the clearing, drilling and hauling processes. All one must do to be convinced that a severance tax is needed is look at the damages done by other industries in Pennsylvania and the vast amounts of money now needed to correct those problems. All one must do to be convinced that a severance tax is needed is to look at the accidents and "oops" factors around the country where possibly well-meaning companies have created environmental havoc and/or a health hazard. In the gulf, at Dimock, at the Saylor well, at Dunkard Creek. Every week another article comes across my desk about contamination or some other problem associated with Marcellus gas. Just recently, Cabot Oil & Gas Corp. was ordered to cease drilling and repair faulty wells that have caused natural gas to pollute drinking water in Susquehanna County.

Local communities should receive part of this tax to pay for damaged infrastructures.

Funds need to be set aside to repair and/or upgrade local infrastructure, to improve monitoring and oversight of the industry, and to help protect the state's environmental vision. It is really bad business for our state government to give away the peace and tranquility of our public lands, the environmental integrity of our unfragmented forested expanses, and the pristine water resources and landscapes for which people from all over the globe retreat here to recreate without exacting a tax that will support environmental protection and restoration.

Recreation is a growing part of Pennsylvania's economy. In areas like the Laurel Highlands, sharing the state public lands roadways with countless water trucks,

being unable to access a stream for boating due to improper water withdrawals at the same access site, and enjoying a viewshed stripped of its forested canopies will have an impact on recreational use and return visits for many years to come. Anyone who uses our state forests will feel this impact from hunters and environmentalists to farmers and bikers and hikers.

Local communities relying on recreational income should receive part of this tax to maintain and repair their recreational facilities.

For the last fourteen years Pennsylvania has worked to develop programs leveraging funds so that watershed groups could submit grants to reclaim, restore, and remediate environmental problems in their communities. The last ten years this program was dubbed Growing Greener and resulted in numerous on the ground mine drainage treatment systems throughout the Commonwealth. These systems returned miles of degraded streams to healthy eco-systems.

There are still over 4000 miles of degraded streams throughout the state from past extraction along with a burgeoning threat of additional degradation from the mammoth water needs of gas drilling.

Pennsylvania needs to restore those streams still degraded, but it also must protect those systems currently on-line and all the restored streams thriving as a result of the past ten to fourteen years' efforts to correct the massive damages to our state's water resources. These systems now require oversight and maintenance at a time when we are being told the Growing Greener funds have disappeared. A perfect use of a significant part of this tax should be for the continuance of the Growing Greener fund so that the many watershed groups working to restore their communities can continue this good work and secure funds to oversee and maintain these treatment systems. If these systems are not maintained, all the money already spent on them will be for naught.

It is irrelevant that these companies did not mean to pollute, did not intend to deprive someone of their potable water supply, did not try to destroy the road. We are not speaking about blame. We are stating that is it economically responsible to tax this activity. This is our state. These are our resources. This is our health. If you are not going to keep the gas drillers out of the state, then to allow this feeding frenzy without charging for the privilege is to ignore your duty to your constituents, your state, and your heritage.