

Report Highlights

Review of the Commonwealth's Growing Greener II Initiative

House Resolution 2009-17 calls on the LB&FC to conduct a review of the Growing Greener II initiative. In 2005, Pennsylvania voters approved a referendum to borrow \$625 million for the Growing Greener II program "for the maintenance and protection of the environment, open space and farmland preservation, watershed protection, abandoned mine reclamation, acid mine drainage remediation and other environmental initiatives." Act 2005-45 directs how these funds are to be distributed. We found:

- **The Commonwealth has issued \$384.5 million of the \$625 million in GGII bonds.** These bonds have interest rates of between 3.45% and 5.50%, with varying maturity dates through 2028-29. The remaining \$240.5 million is to be issued by the end of FY 2010-11.
- **Debt service payments are currently about \$30 million annually, but this will increase to about \$50 million annually once all bonds are issued.** The revenue to make the principal and interest payments on the GGII bonds comes from the Environmental Stewardship Fund (ESF). The primary source of revenue for the ESF is the \$4.25/ton solid waste disposal fee, which has ranged from \$65-\$84 million annually (including interest).
- **In recent years, the ESF has also funded \$35-\$54 million annually in non-GGII environmental projects. This will soon decrease to about \$15 million annually.** Once all the GGII bonds are issued, the amount needed from the ESF for debt service will increase by about \$20 million. This will leave much less available in the ESF to be used for future environmental projects.
- **Virtually all of the \$625 million in GGII funds have already been spent or committed:**

lend themselves to aggregate performance metrics. But to the extent we were able to quantify outcome measures, we found that as of 6/30/2009 GGII funds had been used to support:

- *Agriculture-* 316 farmland preservation projects, which preserved 33,713 acres of farmland in perpetuity.
- *Community and Economic Development-* 66 projects that created 1,500 jobs, improved 41 buildings, leveraged \$140.4 million in private dollars, remediated 1 site, and constructed 4 new buildings.
- *Conservation and Natural Resources-* 441 projects, including improvements in 234 community parks, 132 state park and forest infrastructure projects, and the purchase of 42,357 acres of open spaces.
- *Environmental Protection-* 685 projects involving abandoned mine reclamation (46), acid mine drainage (16), brownfields (25), drinking/wastewater (104), energy development (72), watershed protection (400), gas and oil well plugging (13), stream improvement and dams (9).
- *Fish and Boat Commission-* 9 projects, primarily to improve state hatcheries.
- *Game Commission-* 29 projects for various purposes.

	Act 45 Allocations	Actual Expenditures (as of 6/30/09)	Actual Plus Estimated (Through 6/30/2011)
Agr.	\$ 80.0	\$ 74.5	\$ 80.0
DCED....	50.0	45.0	71.8*
DCNR....	217.5	148.9	216.6
DEP.....	230.0	94.5	212.2
PFBC	27.5	10.3	30.1
PGC.....	20.0	10.8	17.4
Total....	\$625.0	\$371.6	\$628.0

*Includes DEP funds allocated to DCED for Industrial Sites Reuse.

- **Many of the over 1,500 projects funded through GGII are unique, and therefore do not**

- **Act 45 also created the \$90 million County Environmental Initiative Program, which has funded 509 projects.** The report lists the CEIP projects, including 36 farmland preservation, 20 community revitalization, 139 community parks and recreation, 90 drinking water/wastewater, and 198 watershed protection projects initiated by the counties. The CEIP monies are exhausted for most project categories.

Appendix B (Continued)

County	Award	Agency	Project Name	Project Type	Grantee/Contractor	Project Description	Year Awarded	County (CEIP) Selected
Monroe	\$438,383	AG	R&S Haug's Farm	Farmland Preservation	Haug R&S	94.28 acres	2009	
Monroe	\$358,540	AG	N. Murphy's Farm	Farmland Preservation	Murphy, N	71.34 acres	2008	
Monroe	\$85,815	AG	J&P Bixler's Farm	Farmland Preservation	Bixler, J&P	22.583 acres	2006	
Monroe	\$298,799	AG	B. Theune's Farm	Farmland Preservation	Theune, B	76.615 acres	2006	
Monroe	\$250,000	DCNR	Stroud Township	Open Space - Parks & Forestry		Payment toward acquisition of a conservation easement on approximately 1000 acres along Route 402, in Middle Smithfield Township, Monroe County, for natural area protection and recreation.	2006	
Monroe	\$500,000	DCNR	Natural Lands Trust, Inc.	Open Space - Parks & Forestry		Payment toward the acquisition of approximately 70 acres in Hamilton Township, Monroe County adjacent to the Cherry Valley preserve for critical habitat preservation.	2006	
Monroe	\$189,700	DCNR	The Nature Conservancy	Open Space - Parks & Forestry		Payment toward the acquisition of approximately 1128 acres off of Locust Ridge Road in Tobyhanna Township, Monroe County for passive recreation and environmental education.	2006	
Monroe	\$167,000	DCNR	Tobyhanna State Park	Parks and Forestry Facilities & Infrastructure	Eshenau's Fuels, Inc.	Work included under this contract consists of installing HVAC systems and equipment at the new beach house building, two (2) new campground washhouses, and a new day use area comfort station.	2008	
Monroe	\$548,000	DCNR	Tobyhanna State Park	Parks and Forestry Facilities & Infrastructure	LINCO Construction	Work included under this contract consists of installing domestic water and sanitary systems and equipment at the new beach house building; installation of underground LP gas storage tank; and equipment at the new beach house building.	2008	
Monroe	\$185,340	DCNR	Tobyhanna State Park	Parks and Forestry Facilities & Infrastructure	Butch-Kavitz Inc.	Work included under this contract consists of coordination, modification and installation of electrical service system upgrades; installation of electrical systems and equipment at the new beach house building; installation of electrical systems and equipment at the new camp.	2008	
Monroe	\$2,049,000	DCNR	Tobyhanna State Park	Parks and Forestry Facilities & Infrastructure	Pace Construction Managers	Work included under this contract consists of demolition of various structures, construction of a new beach house building two (2) new campground washhouses, a new day use area comfort station, construction/konsension of water and sanitary systems.	2008	
Monroe	\$357,000	DEP	Installation of a Double Ditch Process	New or Innovative Drinking Water/Wastewater Treatment	Middle Smithfield Township	Conversion of the existing wastewater treatment plant to new technology to treat the existing 22,000 gpd flows only. The MSTA is planning to install a Double Ditch process, which is an innovative Trassler Robson Ditch (RTD) technology to treat wastewater.	2006	
Monroe	\$198,000	DEP	Tobyhanna Army Depot 600 KW PV	PA Energy Development Authority	Ameresco, Inc.	Install a 600 KW ground-mounted photovoltaic array at the Tobyhanna Army Depot. The solar array will generate and offset 868,000 kWh/yr of electricity. Approximately 21 temporary full-time jobs will be created for this project.	2008	

Appendix B (Continued)

County	Award	Agency	Project Name	Project Type	Grantee/Contractor	Project Description	Year Awarded	County (CEIP) Selected
Monroe	\$100,000	DEP	Brodhead Creek Restoration	Watershed Protection		April 2006 storm event - main channel rerouted threatening regional park, roads and utilities. Restore to original channel and stabilize unstable stream banks.	2006	Yes
Monroe	\$301,606	DEP	Brodhead Creek Restoration	Watershed Protection		April 2005 storm event - main channel rerouted threatening regional park, roads and utilities. Restore to original channel and stabilize unstable stream banks.	2006	Yes
Monroe	\$400,000	DEP	Brodhead Creek Restoration	Watershed Protection		April 2005 storm event - main channel rerouted threatening school district regional park, roads and utilities. Restore to original channel and stabilize unstable stream banks.	2006	Yes
Monroe	\$45,000	DEP	Leavitt Flood Control Dam	Watershed Protection		Dam breast and spillways eroded by unauthorized ATV access and restore areas. Structural integrity compromised by ATV traffic.	2006	Yes
Monroe	\$61,820	DEP	Leavitt Branch Dam Erosion and Prevention	Watershed Protection		Dam breast/spillways eroded by unauthorized ATV traffic. Project will restore areas.	2007	Yes
Monroe	\$125,000	DEP	Flagler Run Bank Restoration	Watershed Protection		Storm events caused major erosion threatening property and roadway. Restore and stabilize stream banks.	2008	Yes
Monroe Total	\$8,210,003							



Join the growing list of supporting organizations by signing the
STATEMENT OF SUPPORT!

GROWING GREENER

WE SUPPORT:

1 The renewal of Pennsylvania's *Growing Greener* with a state investment of \$200 million annually.

2 Establishment of a dedicated and sustainable source or sources of revenue to support the renewal of *Growing Greener*.

3 Ending the diversion of money from the state's Environmental Stewardship Fund to pay the debt on *Growing Greener 2* bonds—a diversion that is contrary to the Commonwealth's normal practice of paying bond debt service out of general funds.

4 A renewed focus of *Growing Greener* on:

RESTORING OUR WATER & LAND
bringing streams back to life and protecting drinking water

CONSERVING OUR WORKING FARMS & FORESTS
securing our food and timber supplies

SAVING OUR SPECIAL PLACES
protecting and enhancing wildlife habitat, greenways, trails, hunting grounds, fishing areas and community open space, including local, county and state parks and forests

GREENING OUR COMMUNITIES
revitalizing waterfronts and parks, planting trees, creating neighborhood gardens, reduce flooding and preserving history

CREATING OUTDOOR RECREATION OPPORTUNITIES
walking, biking, hunting, fishing, playing sports, picnicking and enjoying the quiet and peace of nature

We need your support!

Sign up TODAY by emailing Andrew Heath, Executive Director of the Renew Growing Greener Coalition, at atheath@renewgrowinggreener.org. Remember to include your organization's name and contact information.

renewgrowinggreener.org

TOGETHER WE CAN RENEW GROWING GREENER!



Supporting Organizations

- 10,000 Friends of PA*
- American Rivers*
- Appalachian Mountain Club*
- Audubon Pennsylvania*
- B.F. Environmental Consultants Inc.*
- BluAcres, LLC*
- Brandywine Conservancy*
- Carbon County Conservation District*
- Center for the Celebration of Creation*
- Central Pennsylvania Conservancy*
- Chesapeake Bay Foundation*
- Citizens for Pennsylvania's Future*
- City Parks Association*
- ClearWater Conservancy*
- Conservation Pennsylvania*
- Conservation Voters of Pennsylvania*
- Delaware River Greenway Partnership*
- Delaware Riverkeeper Network*
- Earth Conservancy*
- Earth Wise Consulting*
- East Falls Tree Tenders*
- East Nantmeal Land Trust*
- Eastern PA Coalition for Abandoned Mine Reclamation*
- EasternMontCoAction*
- Farm & Natural Lands Trust of York County*
- Forest Hills Regional Alliance*
- Foundation for Pennsylvania Watersheds*
- Furnace Run / Seglock Run Watershed Alliance*
- Green Valleys Association*
- GreenSpace Alliance*
- Hawk Mountain*
- Heritage Conservancy*
- Heritage PA*
- Highlands Coalition*
- Independence Conservancy*
- Juniata Valley Audubon*
- Lackawanna County Agricultural Land Preservation Program*
- Lake Erie Region Conservancy*
- Lancaster County Conservancy*
- Lancaster County Conservation District*
- Lancaster Farmland Trust*
- League of Women Voters of PA*
- Lincoln Highway Heritage Corridor*
- Little Juniata Rover Association*
- Lumber Heritage Region of Pennsylvania, Inc.*
- Maiden Creek Watershed Association*
- Merrill Linn Land & Waterways Conservancy*
- Montgomery County Lands Trust*
- Moraine Preservation Fund*
- Natural Lands Trust*
- Nature Abounds*
- North Branch Land Trust*
- PA Council of Trout Unlimited*
- PA Recreation & Park Society*
- PennEnvironment*
- Pennsylvania Environmental Council*
- Pennsylvania Forest Coalition*
- Pennsylvania Horticultural Society*
- Pennsylvania Land Trust Association*
- Pennsylvania Organization for Watersheds and Rivers*
- Pennsylvania Parks & Forest Foundation*
- Philadelphia Chapter of Physicians for Social Responsibility*
- Pine Creek Valley Watershed Association, Inc.*
- Pocono Heritage Land Trust*
- Pregmon Law Offices*
- Preservation Pennsylvania*
- Quittapahilla Audubon Society*
- River Alert Information Network*
- Riverside Center for Innovation*
- Rose Valley / Mill Creek Watershed Association*
- Shermans Creek Conservation Association of Perry County*
- Sierra Club Pennsylvania Chapter*
- Spring Creek Watershed Association*
- Susquehanna River Trail Association*
- The Conservancy of Montgomery County*
- The Conservation Fund*
- The Ecolibrium Group, LLC*
- The Friends of Worcester*
- The Green Perspective*
- The Keystone Trails Association*
- The Land Conservancy for Southern Chester County*
- The Nature Conservancy, Pennsylvania Chapter*



GROWING GREENER

The PEAK Center's Montgomery County Senior Environment Corps

The Pennsylvania Senior Environmental Corps

The Trust for Conservation Lands

The Trust for Public Land

The Wallace Trust

The Westmoreland Land Trust

Tinicum Conservancy

U.S. Spaces, Inc.

Upper Perkiomen Watershed Coalition

Upper St. Clair Citizens for Land Stewardship

Valley Forge Chapter of Trout Unlimited

Well Creek Watershed Association

Western Pennsylvania Conservancy

Wildlands Conservancy

Willistown Conservation Trust

Wissahickon Valley Watershed Association

Background to

Statement of Support

for a natural gas severance tax and dedicating a portion of revenues to land, water and wildlife conservation and helping communities

Introduction

Pennsylvania sits atop one of the largest deposits of natural gas in the world – the Marcellus shale formation. New drilling technology means that drillers are just now starting to tap into this resource. The PA Department of Environmental Protection issued a record 7,792 drilling permits in 2008 (up from roughly 2,000 in 1999).

Most states with natural gas resources tax the extraction of the gas. Governor Rendell has proposed a tax on the extraction of natural gas identical to the one that has been in place in West Virginia since 1987. This tax is projected to initially raise more than \$100 million a year, rising to more than \$630 million annually by 2014.

Impact on Communities and Environment

Natural gas extraction imposes heavy costs on our communities and environment – pipelines, drilling pads and wastewater storage pits altering our landscapes and fragmenting wildlife habitat, heavy rigs damaging our roads, billions of gallons of water taken from our streams and operational errors contaminating our land and drinking water.

Use of a Severance Tax

Some of the money raised from a natural gas extraction tax could be used to offset these costs and invest in watershed restoration and protection, habitat conservation, public access to outdoor recreation, and conservation of open space and farmland. This can be accomplished by directing a portion of the tax to the Environmental Stewardship Fund (Growing Greener) as well as to Pennsylvania's natural resource commissions for habitat improvement and public access purposes.

Public Forestland Issues

Industry groups oppose the gas severance tax and instead want to dramatically accelerate drilling on publicly owned forestlands to generate revenues for the state, even though last year saw a huge expansion of natural gas exploitation on state lands. In 2008, the PA Dept. of Conservation and Natural Resources leased 74,000 acres of state forest for Marcellus shale gas drilling. It would be prudent to study the effects of this on wildlife, water, public recreation, and the general health of our forests before the state rushes to open more public land to major drilling operations.

Since 1955, lease payments and royalties from drilling in our publicly owned state forests have been deposited in the Oil & Gas Lease Fund to be used strictly for conservation and recreation. Now, after 54 years, Harrisburg proposes to change the law to redirect the money to other uses.

Statement of Support

The undersigned organizations support:

1. A fair and reasonable tax on the extraction of natural gas.
2. Dedicating a portion of the tax to the Environmental Stewardship Fund and to the Pennsylvania Fish & Boat and Game Commissions to restore wildlife habitat and improve public access.
3. Dedicating a portion of the tax to help local governments impacted by natural gas drilling operations.
4. Balance and restraint in leasing public lands for gas extraction. The impact of leasing 74,000 acres of state forest in 2008 and potential impacts of additional leasing should be carefully evaluated before opening up more public land for drilling.
5. When natural gas and other resources are taken from public forestlands, the revenues generated should be reinvested in the conservation and restoration of the Commonwealth's natural resources.

Allegheny Trail Alliance
American Farmland Trust
American Rivers
Appalachian Mountain Club
Audubon Pennsylvania
Bedminster Land Conservancy
Berks County Conservancy
Bucks County Chapter of Trout Unlimited
Central Pennsylvania Conservancy
Centre County Farmland Trust
Chesapeake Bay Foundation
Citizens Coalition for Environmental & Property Protection in Pipeline Operations
Citizens for Pennsylvania's Future (PennFuture)
City Parks Association
ClearWater Conservancy
Countryside Conservancy
Cowanshannock Creek Watershed Association
Crooked Creek Watershed Association

Delaware Highlands Conservancy
Delaware River Greenway Partnership
Delaware Valley Earth Force
E.L. Rose Conservancy of Susquehanna County
Earth Charter Lifeboat Academy of Pennsylvania
East Nantmeal Land Trust
Eastern MontCo Action 2004
Eastern PA Coalition for Abandoned Mine Reclamation
Ecological Associates
Eden Hill Conservancy
Elk Creeks Watershed Association
Endless Mountains Heritage Region
Environmental Life Academy
Farm & Natural Lands Trust of York County
Foundation for PA Watersheds
Foundation for Pennsylvania Watersheds
Friends of the Nescopeck
God's Country Chapter Trout Unlimited

GreenSpace Alliance
Heritage Conservancy
HeritagePA
Independence Conservancy
Juniata Valley Audubon
Kennett Township Land Trust
Keystone Trails Association
Lake Erie Region Conservancy
Lancaster County Conservancy
Lancaster Farmland Trust
Land Conservancy of Adams County
Lebanon Valley Conservancy
Merrill W. Linn Land and Waterways Conservancy
Millersville University of Pennsylvania
Mokoma Conservancy
Montgomery County Lands Trust
Natural Lands Trust
North Branch Land Trust
Open Land Conservancy of Chester County
PA Council of Trout Unlimited
PA Wilds Citizens For Protection State Lands
PennEnvironment
Pennsbury Land Trust
Pennsylvania Environmental Council
Pennsylvania Farmland Preservation Association
Pennsylvania Federation of Sportsmen's Clubs
Pennsylvania Forest Coalition
Pennsylvania Horticultural Society
Pennsylvania Institute for Conservation Education
Pennsylvania Land Trust Association
Pennsylvania Organization for Watersheds and Rivers
Pennsylvania Recreation & Park Society
Pennsylvania Wildlife Federation
Philagreen Hospitality Association
Pine Creek Land Conservation Trust
Pine Creek Valley Watershed Association
Pocono Heritage Land Trust

Pocono Northeast Resource, Conservation, and Development Council
Preservation Pennsylvania
Radnor Conservancy
River Alert Information Network
Shermans Creek Conservation Association
Sierra Club, Pennsylvania Chapter
Somerset County Conservancy
Susquehanna Greenway Partnership
The Center for the Celebration of Creation
The Conservancy of Montgomery County
The Nature Conservancy, PA Chapter
The Trust for Public Land
Tinicum Conservancy
Upper Allegheny Watershed Association
Western Clinton Sportsment's Association
Western Pennsylvania Conservancy
Westmoreland Land Trust
Wildlands Conservancy
Wissahickon Valley Watershed Association
10,000 Friends of Pennsylvania
1st Fork of the Sinnemahoning Watershed Association

Birch Grove Farm Equestrian Training Center
Brown Consulting & Research, LLC
Crossroad Gift & Thrift
Eco Islands, LLC
Fjordstone, Inc.
Heron's Eye Communications
Hometown Green
J. W. Crouse, Inc.
J.T. Enterprise
Montgomery Rehab Associates
Penns Creek Guides
Rushforth Solar LLC
Schmid & Company, Inc.
This Leaky House
Veterinary Medical Specialists of Pittsburgh



Fair Compensation for Pennsylvanians Understanding the Natural Gas Severance Tax

412 North 3rd Street, Harrisburg, PA 17101 • www.pennbpc.org • May 7, 2010

Pennsylvania is on cusp of a 21st Century natural gas “gold rush” in the Marcellus Shale, a deep geologic formation that spans West Virginia, Ohio, New York, and most of Pennsylvania. The thickest and most promising portion of the shale formation underlies northeastern Pennsylvania. New drilling techniques and rising natural gas prices have made it economically feasible and potentially highly profitable to exploit the vast gas reserves.

Pennsylvania has been through this before, during the coal mining, oil, and timber booms of the 19th and early 20th Centuries. While the harvesting of natural resources has built great fortunes for some and helped Pennsylvania grow and develop into the state we are today, some of the negative effects, like acid mine drainage and loss of wildlife, continue to linger.

Natural gas extraction poses similar challenges. Some landowners and drilling company shareholders will receive a hefty bounty, but Pennsylvanians could be left with the tab for inevitable environmental damage, water supply issues, road damage, housing and social issues, and changes to the way of life in rural Pennsylvania.

Natural Gas Production Will Create New Costs for State and Local Governments.

The Commonwealth and its municipalities are already facing new costs related to the natural gas industry that will be borne by state and local taxpayers:

- **Environmental Monitoring and Protection:** The drilling process has great potential to contaminate both surface and groundwater. Water usage and treatment will have to be monitored for many years.
- **Infrastructure Costs:** Counties and townships will need to build or upgrade roads to handle heavy truck traffic and expand first-responder units to meet the emergency demands of this often dangerous enterprise.
- **Demand for Services:** Development will attract new workers to the region, many with families and children, creating new demands for schools and other public services.
- **Land Reclamation:** Disrupted habitats will need to be rehabilitated, developed sites will need to be remediated, and local economies will have to be repositioned after the natural gas and developers are gone.

The gas industry already enjoys special tax preferences.

The Commonwealth’s current tax system allows natural gas producers to reap substantial economic benefits without paying their fair share of taxes. Federal tax policies substantially reduce drillers’ taxable income – lowering their state income taxes. Many out-of-state drillers take advantage of state tax laws allowing them to pay the personal income tax rate, rather than the higher corporate tax rate.

Oil and gas wells are exempt from paying property taxes in Pennsylvania. As a result, gas companies pay virtually no tax to compensate local governments for their expenditures. This benefit is not afforded to other mining businesses, or residential and commercial taxpayers.

A Severance Tax Can Help Compensate Pennsylvanians for the Loss of this Non-renewable Resource.

Every other major energy-producing state, including Texas, Arkansas, Oklahoma, Alaska, Wyoming, and West Virginia, imposes a tax on natural resource extraction. Pennsylvania is the only mineral-rich state without this tax.

Governor Ed Rendell has proposed a tax on the removal, or “severance,” of natural gas from the ground in Pennsylvania. The proposed tax, modeled on neighboring West Virginia’s severance tax rate, would take effect July 1, 2010 and is expected to generate \$177 million in the first year and grow to \$528 million within four years.

A natural gas severance tax will benefit Pennsylvanians:

- It will ensure gas companies contribute to the cost of their activities rather than leaving state and local taxpayers to foot the bill for additional environmental, infrastructure and public safety costs.
- It will compensate Pennsylvanians for removal of this non-renewable resource.
- Finally, it will contribute to the Commonwealth's long-term ability to provide education, senior services, environmental protection, and health care, as well as help reimburse local governments for service costs imposed by drilling activity.

Without the tax, Pennsylvania loses much of the benefit of drilling:

- Federal domestic energy production incentives reduce drillers state income tax payments.
- 70% of drillers in Pennsylvania pay the 3.07% personal income tax rather than the 9.99% corporate net income tax, creating a further windfall.
- Gas producers no longer pay local property taxes on reserves, due to a 2002 court-created loophole. Consequently, other property taxpayers must pick up the tab for industry-related costs in largely rural counties, municipalities, and school districts hosting drilling activity.

Severance taxes are the norm in energy-producing and mineral-rich states:

- Pennsylvania is the only mineral-rich state that doesn't levy any kind of severance tax.
- Thirty-five states levy some kind of severance or extraction tax on the removal of natural resources.
- Twenty-seven states levy a severance tax on the extraction of natural gas. Twenty-three of those states also have corporate income or other corporate taxes.

Natural gas production in the Marcellus Shale will create jobs, but the industry is still small:

- In 2008, the industry directly employed 10,300 people, according to the U.S. Bureau of Labor Statistics, and the state estimates that number will grow to 12,400 by 2016. By comparison, Wal-Mart employed 48,800 people in Pennsylvania as of January 2010.

The severance tax will not make Pennsylvania less competitive:

- Drilling decisions are based on the location of the reserves and the expected price of natural gas – not severance tax rates.
- Almost half of the price of natural gas to consumers is due to transportation and distribution costs. Due to its proximity to the lucrative Northeast market, Pennsylvania has a natural price advantage over competing states.
- Numerous studies have shown that increasing a state's severance tax has little to no effect on production or employment.
- The rate being proposed in Pennsylvania is the same as in neighboring West Virginia, eliminating any possible tax incentive to drill in one state or the other.
- All states with greater natural gas production than Pennsylvania currently have severance taxes or fees on its extraction.

Imposing a severance tax will not increase utility costs for Pennsylvania consumers:

- Pennsylvanians currently import four times more gas than we produce. We already pay tax on the gas we import from Texas, Wyoming, Oklahoma, and New Mexico.
- Most of the gas that will be produced in Pennsylvania over the next 20 years will likely be exported to other Northeastern states.

"The industry will probably hate me for saying this, but as far it goes in my world of spreadsheets, the severance tax is not a deal-breaker. I don't believe it will have a huge impact on drilling. It's not that large."

— Subash Chandra, oil and gas industry analyst, Jefferies & Co. Inc., The Philadelphia Inquirer, May 2, 2010