



Critical Talking Points on Marcellus Shale Tax/Fee Plans

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As state lawmakers continue to debate what shape a Marcellus Shale tax or fee should take in Pennsylvania, PBPC would make the following critical points:

- The General Assembly should enact a fair and meaningful tax on Marcellus Shale drillers that invests some portion of the funds into communities across the Commonwealth.
- Governor Tom Corbett and legislative leaders have taken a firm position, insisting that no drilling tax revenue go to offset planned budget cuts for public schools, health care, services for the vulnerable or public universities. This position is out of sync with most Pennsylvanians. A Quinnipiac poll released in June finds that 69% of voters would support a new tax on drilling companies to balance the state budget.
- Voters expect lawmakers to enact a meaningful shale tax that matches the size of the growing gas industry and will support the investments we need for a prosperous future.
- There are a variety of legislative proposals under discussion related to the issue of enacting a fee or tax on Marcellus Shale drillers that are wildly generous to the oil and gas industry and shortchange 60% or more of state residents because none – none – of the proceeds would help fund core functions of state government, such as education, health care and human services.
- Most of the current tax proposals would give the lion's share of revenue to local governments in drilling counties – a radical departure from standard practice for state taxes and a departure from virtually every gas-producing state.
- Sales, income and corporate taxes are collected from across the state, pooled in the state's General Fund and largely redistributed across the state to local institutions, school districts and local governments.
- Gaming tax revenue is a good example of a tax that is generated locally but distributed statewide. Ten licensed gaming facilities have generated a total of \$1.25 billion in taxes so far in 2010-11. Only 7.3% of taxes collected from slot machines stay in the host communities, while the vast majority is distributed to school districts statewide for property tax reductions. Roughly 88% of the revenue from table games goes directly into the state General Fund.
- Unless shale water defies the laws of gravity and stops running downhill, it is painfully clear that the impact of this industry will be felt far beyond a county line and residents in those counties – and taxpayers around the state – will be stuck with the bill.