



NEWS RELEASE

from
State Senator
JUDY SCHWANK

11th Senate District

FOR IMMEDIATE RELEASE

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Sen. Schwank, Labor, Kutztown Mayor Urge Adoption of Tax on Natural Gas Drilling to Fund Economic Development, Education, Environmental Protection

READING – To improve the education of children, better protect Pennsylvania’s environment and spark long-awaited economic development, Sen. Judy Schwank (D-Berks) today announced her support for new legislation that would impose a severance tax on natural gas drilling in the state’s Marcellus Shale region.

The 5 percent levy, which would raise \$720 million in the coming fiscal year, would make critical investments in public education, job creation, and the environment.

Standing before a paint factory in Reading that has been vacant for the past seven years, Schwank said the tax on the very profitable Marcellus Shale companies would provide much-needed funding for critical areas that have suffered in previous state budgets, especially economic development and the environment.

“With the modest 5 percent severance tax we are advocating today, Pennsylvania would be able to restore countless vacant sites throughout the commonwealth,” Schwank said. “We would be able to invest \$195 million in 2014-’15 to programs that spark local economies and grow jobs. That pool of resources would increase to \$250 million the following year.

“Equally important: our proposal makes sure that natural gas drillers, which include some of the largest corporations in the world, are paying their fair share going forward,” she said.

The Marcellus Shale severance would also help to infuse more investment into the state’s Growing Greener program.

If approved, Sen. Schwank said the 5 percent tax would increase Growing Greener’s annual investment from \$18 million this year to \$75 million 2014-’15. The popular program would receive \$120 million in year two of the levy; \$150 million the following year.

Sen. Schwank said this proposal would generate far more revenue than the state currently receives from natural gas drilling. Pennsylvania is only projected to receive \$217 million this year as a result of the current drilling impact fee. The proposed legislation would generate \$937 million through a combination of the fee and severance tax.

Thirty-six states assess some kind of severance tax on natural gas drillers. Nearly all of them apply that duty on the extraction of oil and gas.

Pennsylvania is the only major state to not tax natural gas drillers, and that fact alone, the senator reminded, defeats opponents' argument that the levy is a jobs-creation killer.

"Over the past three years, Pennsylvania has gone from 8th to 48th among in job creation," Schwank said. "Secondly, where natural gas companies are paying an extraction levy – jobs ARE being created and the natural gas companies continue to profit ... handsomely."

Most importantly, Schwank, who was joined at the press conference by Reading City Councilwoman Donna Reed, Kutztown Mayor Sandy Green and IBEW Local 743 Business Manager Mel Fishburn, said public opinion polls show overwhelming support for a tax on the companies that drill for natural gas in the Marcellus Shale play.

The most recent Mercyhurst University poll found that Pennsylvanians favor the levy, 70-17.

Sen. Schwank's press conference to announce her support for the severance tax was one of three in the commonwealth. Senate Democratic Appropriations Chairman Vince Hughes highlighted the benefits of the levy on education during a rally in Philadelphia. Sen. John Yudichak (D-Carbon/Luzerne) emphasized the positive impact the Marcellus Shale duty would have for Pennsylvanians during an event in Hanover Township, Luzerne County.

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