

October 5, 2015

Dear Governor Wolf and the Honorable Members of the General Assembly:

This past May, our diverse coalition consisting of a broad array of businesses, industries and consumers throughout Pennsylvania wrote to you to express unified opposition to the imposition of an additional tax on the state's natural gas industry. With this letter, we are reiterating our continued opposition to such a tax and we are urging that the final budget does not include a severance tax.

In the past few months, much has been proposed regarding how to spend revenues from a severance tax: hundreds of millions of dollars in alternative energy subsidies, billions of dollars in education spending, and billions more in property tax relief. But actual revenue estimates clearly demonstrate otherwise: a severance tax would bring in just a small fraction of the amount of spending being proposed. In the end, this tax would needlessly crush jobs, cripple economic growth and wind up costing Pennsylvania more than it would get in return.

A severance tax is simply the wrong approach to take. Without question, a severance tax on the state's natural gas industry will have a negative impact on the state's economy. We have witnessed, first-hand, how this industry has been an economic engine across all of Pennsylvania by providing family sustaining jobs, lowering utility bills and helping bring manufacturing back to the state. Further, the impact fee, in its current form, is making investments in infrastructure improvements and delivering funds for needed critical services in every county. The impact fee is working and must be left unchanged.

Tens of thousands of Pennsylvanians have been able to support their families thanks to natural gas development. These families, whether they live in the northern tier, southwest Pennsylvania or in the Philadelphia region, have discovered newfound opportunities as a direct result of increased energy development in Pennsylvania. We are seeing a renaissance in southeast Pennsylvania, which has been dubbed the next energy hub of America thanks to efforts at Marcus Hook and other nearby refineries. New and expanded manufacturing facilities are being proposed across the state. Natural gas is increasingly being used to heat and power homes. Trade labor has seen an increase in work thanks to the development of shale. Drilling activity has spurred the need for new home construction and created a host of opportunities all along the supply chain. But a severance tax jeopardizes all of this progress.

The energy industry in Pennsylvania is seeing significant cutbacks in jobs and investment due to low prices of natural gas. A severance tax would only exacerbate the reduction in investment and would hurt tens of thousands of Pennsylvania families. We know you don't take this debate lightly. We thank you for considering our position and the experience and expertise this broad coalition brings to the debate on this critical issue. We continue to look forward to working with this administration and General Assembly in fostering policies that work to retain and attract businesses and grow our state's economy.

Sincerely,

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President and CEO
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of Business and Industry



Frank Macchiarola
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America's Natural Gas Alliance



Robert E. Latham
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