



Real Natural Gas Impacts: A Continuing Tax Windfall for Pennsylvania

The dialogue about a potential impact fee on natural gas extraction from the Marcellus and other shale formations must be based on facts, and acknowledge that the industry is bringing new jobs and economic growth across the Commonwealth, as well as clean, domestic energy for the benefit of the entire country.

The Pennsylvania Independent Oil & Gas Association supports this type of rational and balanced dialogue and looks forward to providing the facts that ensure the contributions now being made by the natural gas industry are recognized by Pennsylvania's legislative and executive branches of government.

Among the most preposterous claims raised in the debate over natural gas drilling is that the industry does not pay taxes. The state Department of Revenue estimates that companies engaged in Marcellus Shale drilling and production have paid more than \$1.1 billion in direct taxes (capital stock & franchise, corporate net income, state unemployment and personal income taxes) to the Commonwealth since 2006. And, this is just the beginning:

- An analysis of tax payments by Penn State University found sales taxes paid over a three-year period (July 2007 to June 10) in counties with more than 150 wells increased 11.36 percent, while it dropped 6.5 percent in counties with no drilling activity - a 17 percent difference in an important indicator of general business activity.
- Statewide rent and royalty taxable income - which includes natural gas leases payments to landowners - increased from \$3.5 billion in 2006 to \$5.3 billion in 2008. In Susquehanna County, taxable income from rents and royalties soared from just \$8 million in 2006 to \$135 million in 2008, while neighboring Bradford County climbed from \$15 million to \$144 million in the same period.
- Tax receipts into the Department of Revenue from natural gas-related businesses in just the first six months of 2011 were a \$292 million, far outpacing the \$220 million counted in all of 2010.

These broad-based tax payments will continue to grow as development and production of the Marcellus and other shale gas increases in the years ahead. It is imperative that any prospective impact fee discussion be based on facts that include the real - and positive - impacts of natural gas development on the Commonwealth's tax revenues.



Learn more at www.pioga.org/impacts