

Corbett begins PR effort for refinery tax credit

The Associated Press

Gov. Tom Corbett's administration began its public relations effort Thursday to build support for a 25-year tax credit worth up to \$1.7 billion that it wants to foster a petrochemical industry in Pennsylvania around the state's supply of natural gas from the vast Marcellus Shale formation.

Three of Corbett's cabinet secretaries held a news conference at the Beaver County community college, near the Pittsburgh-area site of a petrochemical refinery planned by a subsidiary of Netherlands-based oil and gas giant Royal Dutch Shell PLC.

Until now, the Republican governor's administration has shared with the public sparingly those plans on what lawmakers say would be the biggest package of taxpayer-paid incentives in Pennsylvania's history for a project Corbett bills as the reindustrialization of the state.

Thousands of new jobs would result, administration officials say.

The recently revealed plan of Corbett's would not affect the state's finances right away — the tax credit would first take effect in 2017. But Corbett wants the state Legislature to approve the tax credit before July when lawmakers leave Harrisburg for the summer to show Shell that the state is serious about its offer of financial incentives for the multibillion-dollar facility and a surrounding chemical manufacturing industry.

Shell's so-called ethane cracker plant would convert natural gas liquids to other lucrative chemicals, such as ethylene. In the meantime, some of those liquids produced from the rapidly growing drilling in the Marcellus Shale region are already under contract to be piped down to crackers on the Gulf Coast.

The Washington, D.C.-based American Chemistry Council said 26 of the nation's 29 crackers are on the Gulf Coast, and no other new cracker is being proposed in the northeastern United States.

The industrial complex would likely attract many smaller, specialized chemical plants, since the main product, ethylene, is then used to produce chemicals that go into everything from plastics to tires to antifreeze, according to the American Chemistry Council.

The tax credit would apply to Shell and any other company that builds such a plant in Pennsylvania. However, many lawmakers have not been briefed on the matter and legislation is just being introduced.

"Without knowing the details, I really can't speak to it, whether it makes economic

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sense," said Rep. Glen Grell, R-Cumberland. "I would need to know what is the amount of state tax credits that is going to be applied per job created. Then we have to evaluate that versus what it could cost to incentivize or create jobs elsewhere."

The administration's financial incentive plans for Shell appear to revolve around the tax credit and a newly created tax-free zone for the site that the Legislature approved in February, as well as possibly aiding the cleanup of the site where the plant would be built.

Because Shell likely would have no state tax liability, it could sell up to \$66 million in tax credits a year to companies that use its byproducts as a way to encourage a local chemical manufacturing industry in Pennsylvania, lawmakers briefed on the plan have said.

Shell has estimated that the core plant could employ several hundred people and create up to 10,000 construction jobs. The American Chemistry Council estimated last year that a manufacturing industry around the plant could employ another 2,400 people.

Meanwhile, Corbett warned Tuesday that he has heard that Ohio and West Virginia are still trying to lure away the Shell cracker with their competing offers of financial incentives.

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