

Drilling Industry Wades Into Pennsylvania Politics

HARRISBURG, Pa. (AP) — The largest organization representing companies involved in Pennsylvania's natural gas drilling boom waded into gubernatorial politics Thursday and attacked proposals to raise taxes on the industry by various would-be Democratic challengers to Governor Tom Corbett. The Marcellus Shale Coalition issued a statement criticizing tax proposals that it said were being touted by gubernatorial candidates it did not identify. A spokesman later pointed to statements by six different candidates seeking the Democratic Party nomination favoring similar severance tax proposals that could raise more than \$1 billion a year from the industry.

The coalition statement warned that companies would take their money to other states. "It would be irresponsible and ill-advised to advance massive new energy taxes that would strike an unnecessary blow to one of our economy's most important, thriving and promising sectors," the statement said.

Corbett, a Republican widely viewed as a strong industry ally, fought proposals to slap a tax or a fee on the booming industry before agreeing in 2012 to an "impact fee" that is currently generating about \$200 million a year for state programs and drilling communities. The Corbett campaign, regarding U.S. Representative Allyson Schwartz as the leading Democratic contender, has attacked her recent proposal to add a five percent tax to the value of gas produced from Pennsylvania's Marcellus Shale. On Thursday, the campaign emailed a copy of the Marcellus Shale Coalition statement, along with its own statement warning of the Democrats' proposals.

Pennsylvania does not currently tax gas production. Many other states impose a grab bag of taxes or fees. The Marcellus Shale Coalition said the corporate tax burden is lower in other big gas states and such a tax in Pennsylvania risks hurting investment and hiring. Democrats say a severance tax would bring Pennsylvania in line with other states.

Former Governor Ed Rendell, a Democrat, also supported a five percent severance tax on production, but the proposal stalled in the Republican-controlled Senate.

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