



News for Immediate Release

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Governor Rendell Says Marcellus Shale Development Provides Economic Benefits; Severance Tax Must Provide Fair Share to Local Governments Says Work to Develop Fee on Natural Gas Extraction Should Begin Immediately

Towanda, Bradford County – During a visit to the most active county for Marcellus Shale drilling this year, Governor Edward G. Rendell today outlined the state’s commitment to enacting a severance tax on natural gas extraction, saying such a levy should give a fair share to communities where drilling is taking place.

The Governor made his remarks as he signed Senate Bill 1042, the state’s fiscal code. The bill allows for transfers into the General Fund to balance the state’s fiscal year 2010-11 budget. The bill also contains language that affirms the commonwealth’s intent to enact a severance tax by Oct. 1.

“The rich natural gas deposits in the Marcellus Shale represent a tremendous opportunity in the form of new jobs and economic stimulus to mostly rural communities across the commonwealth,” said Governor Rendell. “Today, there are 1,300 more jobs in Bradford County in mining and other parts of the economy than there were a year ago.

“We have a responsibility to ensure that the economic benefits are balanced with the need to protect the local environment and the residents of communities where the work is being done.

“Along with the economic boom, the burgeoning natural gas industry is also creating a lot of new responsibilities and concerns that carry enormous costs for local communities,” said Governor Rendell.

“The local and county governments where this drilling is taking place do not have the financial resources they need to address these concerns. That’s why it is absolutely essential that the severance tax we enact pay these host municipalities their fair share. The drilling activity is going on now, so we need to start working on this tax now so there’s no delay in getting them the financial resources they need.”

To date this year, 1,164 natural gas wells have been drilled in Pennsylvania. Of that total, 564 have been drilled to access gas deposits in the Marcellus Shale, with 143 of those wells being drilled in Bradford County—the most of any county in the state this year.

The Department of Environmental Protection has also issued nearly 2,900 drilling permits this year, of which 1,172 were for Marcellus development. By comparison, 1,984 Marcellus permits were issued in all of 2009.

For more information on the fiscal year 2010-11 budget, visit www.pa.gov. For more information about natural gas drilling in Pennsylvania, visit www.depweb.state.pa.us.

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