

EDDIE DAY PASHINSKI, MEMBER

CAPITOL OFFICE:

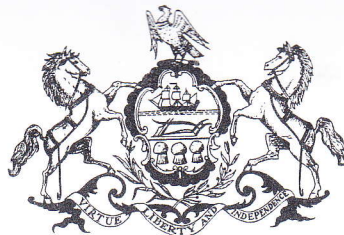
27 EAST WING  
P.O. BOX 202121  
HARRISBURG, PA 17120-2121  
(717) 783-0686  
FAX: (717) 772-2284

DISTRICT OFFICE:

152 S. PENNSYLVANIA AVE.  
WILKES-BARRE, PA 18702  
(570) 825-5934

E-MAIL:

EPASHINS@PAHOUSE.NET



House of Representatives  
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**MEMORANDUM**

TO: Members of the House of Representatives

FROM: Representative Eddie Day Pashinski

DATE: January 5, 2011

SUBJECT: Co-Sponsorship of Legislation to Prohibit Natural Gas Drilling Companies from Obtaining Keystone Opportunity Zone Tax Benefits Unless They Employ Pennsylvania Workers

In the near future, I will introduce legislation to amend the law known as the Keystone Opportunity Zone, Keystone Opportunity Expansion Zone and Keystone Opportunity Improvement Zone Act of 1998 (P.L. 705, No. 92) in order to limit Marcellus Shale drilling companies from benefiting from the exemptions, deductions, abatements, and credits of the act unless they employ Pennsylvania workers.

As you know, Keystone Opportunity Zones (KOZs) are underutilized and underdeveloped areas across Pennsylvania where businesses, by locating their operations within the zones, can receive abatements and/or exemptions from state and local taxes. The purpose of the KOZ program is to attract investment and spur development. Since its implementation in 1999, the KOZ program has spurred economic growth, created jobs, and generated capital investment in Pennsylvania.

This bill prevents Marcellus Shale drilling companies from using KOZs as low-tax or tax-free havens unless their workforces are comprised of certain percentages of Pennsylvania residents. Job creation in Marcellus Shale regions is occurring at a productive rate, but it remains necessary to ensure that these jobs are going to Pennsylvania workers and not just out-of-state contractors. This legislation takes important steps to ensure that the KOZ benefits continue to spur economic activity in industries like manufacturing and create jobs in Pennsylvania for Pennsylvanians.

If you would like to join me to co-sponsor this legislation, please contact Lauren Bordner at [lbordner@pahouse.net](mailto:lbordner@pahouse.net).

JAN 6 2011