

# MEMORANDUM

To: All House Members

From: Representative Nick Miccarelli

Subject: Proposed Legislation – Marcellus Shale Severance Tax and PIT Reduction

Date: June 2, 2011

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In the near future I will be introducing legislation that will create a severance tax on Marcellus Shale drilling in Pennsylvania. The revenue generated from this severance tax will be tied directly to reducing the state Personal Income Tax rate.

The legislation calls for a 3 percent severance tax on the extraction of natural gas in the first two years. This rate will increase to 5 percent in subsequent years. By 2015, the severance tax is projected to generate \$1.1 billion in revenue. In conjunction with the implementation of this severance tax, there will be a reduction in the current PIT rate from 3.07% to 2.99%.

If you would like to cosponsor this legislation, please contact Deborah Garger in my Harrisburg office at 717-787-3472 or via email at [dgarger@pahousegop.com](mailto:dgarger@pahousegop.com).