

EDDIE DAY PASHINSKI, MEMBER

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House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

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MEMORANDUM

To: All House Members
From: Representative Eddie Day Pashinski
Date: July 25, 2011
Re: Co-Sponsorship Memo – Severance Tax on the Extraction of Natural Gas

In the near future, I plan to introduce legislation that would impose a severance tax on the extraction of natural gas.

Under this legislation, the tax rate would be 5 percent of the value of each 1,000 cubic feet of natural gas severed, plus 4.6 cents per 1,000 cubic feet. This tax rate would be comparable to those of our neighboring states that produce a large volume of natural gas. The revenue generated from the tax would be placed in an interest bearing restricted account. A distribution formula for funds from this account would be determined by the General Assembly at a later date.

It has been three years since the Marcellus gas industry began operations in Pennsylvania. During that time, the debate over the distribution of the extraction tax has contributed to the delay in enacting this important legislation. My proposal would collect the extraction tax until a distribution plan could be achieved.

The enactment of a fair and reasonable severance tax would not render Pennsylvania any less favorable for drilling than our neighboring states. During these hard economic times, it is imperative that the State Legislature take into consideration all aspects pertaining to the collection and distribution of potential tax revenue. Additionally, we must also ensure that Pennsylvania's vast natural resources are protected for future generations.

If you would like to co-sponsor this measure, please contact Lauren Bordner via e-mail at lbordner@pahouse.net.