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## Bradford County Commissioners Office

### House Finance Committee Testimony May 13, 2010

#### **Introduction**

Good afternoon. My name is Mark Smith, Chairman of the Bradford County Commissioners. I appreciate the opportunity to be here this morning on behalf of my colleagues of the County Commissioners Association.

#### **Status of Natural Gas Exploration in Bradford County**

Bradford County is located in the northeast, is home to nearly 63,000 residents and is of great interest for natural gas extraction.

In 2009 over 10,000 gas and oil leases were filed in our Register and Records office. According to D.E.P. the number of drilling permits issued in the county for 2008 stood at 63 with 23 of those wells drilled. There were 430 permits issued and 113 of those wells drilled in 2009. To date in 2010 there have been 264 permitted. In total there are over 700 outstanding permits in Bradford County waiting to be drilled. Every day our office receives notification of more permits.

The factors of acreage, open space, pipeline and proximity to major marketplaces make Bradford County an attractive place for natural gas extraction. Multi-billion dollar, multi-national companies are having a significant impact on several counties across the state.

#### **County Response**

As county commissioners we have been educating ourselves and our residents about what this development means for us. Across the commonwealth local government officials have formed Task Forces to aid in assessing and meeting the challenges the industry is bringing to our counties. Some, including myself, have traveled to places like Texas where gas extraction has occurred to gain a better understanding of what is happening. CCAP formed a Natural Gas Task Force of commissioners to work on the issue and our board has been working closely with PSATS to obtain a local share of any tax that is implemented.

### **The Impact on Counties**

Common sense dictates that increased economic development, population and growth will come with increased impacts on social, economic, environmental and transportation infrastructures.

It is well realized that economic development is taking place in many sectors of our county's economy. Business and job growth is occurring in relation to this industry. Certain companies have moved into our county bringing jobs and a boost to local hotels, motels and restaurants.

However, the changing economy and influx of money is not funding local governments. As you know counties and townships across the state are held to budgets based on property taxes.

More people, more equipment, heavy truck traffic, twenty four hour a day operations are stretching the financial viability of local and state government entities. There are many facets of local governments the natural gas industry affects and I would like to share just a few with you today.

**Human Services:** Homelessness in our county has become a serious issue. Rents have tripled as it is more profitable to rent to gas company workers. There are many instances in which local renters are forced out because they cannot afford higher rents. This leaves people in dire situations, so dire in fact, some parents have voluntarily given up their children to Children and Youth services because they could not put a roof over their heads. These kinds of situations are not acceptable. Resources are needed to deal with this. Counties have received state cuts in other important programs such as Drug and Alcohol and Mental Health services that will be affected by more growth.

Current social services budgets from the state level and state cuts to counties make it difficult to comprehend how local taxpayers can afford to absorb any added burden beyond our already stressed situation.

**Emergency Services:** Emergency services in our county have become a pressing issue, especially with increasing traffic accidents and accidents occurring on drilling sites. Our 911 communications center is experiencing a substantial increase in calls and having to adapt to situations they have never dealt with. Since 2007 we have seen our 911 emergency calls rise by the thousands. In 2010, on our current course, we are projecting call volume to increase by another 33% nearing 150,000 calls to our 911 center per year.

**Economic Development:** At a time when our local economy is changing and growing our economic development authorities have not received more money; it has been cut, in Bradford County by 62%. Our Northern Tier Regional Planning and Development Commission have also received a 60% cut in funding from the state resulting in employee layoffs. In a time of fast paced growth and opportunity this is counterproductive to our local businesses, residents and the industry itself.

**County Infrastructure:** Our beautiful county courthouse was built in 1896. It is home to the Register and Records Office, Treasurers Office, Assessment Office and the Prothonotary's Office. These offices are essential to the gas industry. Searching every deed for every property is a requirement for leasing. Our courthouse has seen increasing

numbers of people coming through the doors over the last few years. In many cases hundreds upon hundreds of people pass through the courthouse in a day. An increase in people has prompted increased cost to our county in the simplest of ways such as hiring an additional janitor to keep conditions clean.

Counties, although generally not responsible for the maintenance of roads, are responsible for many bridges. Increased impacts on our bridges will present increased costs to both the county and the state.

This is affecting many aspects of county related business including our court system, correctional facility, planning departments, local emergency responders, conservation districts, local police, state police, all aspects of social services and PennDOT.

### **Current Severance Tax Proposals**

The impact of this industry is here, it is being felt and it is already being paid for by local property tax payers.

CCAP has not taken a position for or against enactment of a severance tax as an association, but our members strongly believe that when and if a severance tax is adopted, a local share must be included. To that end, CCAP and PSATS have worked collaboratively on a proposal for a local share of severance. Together, the associations support dedicating 25 percent of a severance tax to a Local Government Fund to be distributed to host municipalities, host counties, non-host municipalities and conservation districts.

Counties are also generally supportive of a share of funding for environmental purposes such as the Environmental Stewardship Fund or a Growing Greener 3 initiative.

As an association we oppose the burdensome administrative requirements and limitations on use of the funds contained in HB 1489, HB 2435 and HB 2438.

Commissioners are the elected officials responsible for the control of the budget. The people elect them to make decisions at the county level. They administer county taxpayer dollars. They are accountable to their voters. The proposed bills that set forth committees present just one more layer of unnecessary and bureaucratic government that slows officials down in times when action is needed.

### **Conclusion**

In conclusion I would like to state the importance of economic growth in our county, especially as we all face difficult economic times. The development of Marcellus Shale and the many issues local governments are facing in regards to it are substantial and action taken at the state level for a local share of gas taxation could not come soon enough.