



## **Environmental Programs and the Severance Tax**

Comments of Davitt Woodwell  
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to the House Finance Committee

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Chairman Levdansky and other distinguished members of the House Finance Committee, my name is Davitt Woodwell and I am a Senior Vice President with the Pennsylvania Environmental Council (PEC). I would like to thank you for the opportunity to discuss the proposed severance tax on natural gas extraction and the pressing need for environmental program funding.

PEC is a statewide nonprofit organization that, for four decades, has advanced innovative and consensus based solutions to environmental challenges at both the policy and project level. With offices and staff throughout the state, we are keenly aware of the pace and extent of natural gas development within the Commonwealth. We are also keenly aware of funding shortfalls for many critical programs, including Growing Greener.

We generally see the development of the Marcellus Shale as a great opportunity for Pennsylvania. There are the economic benefits as well as the potential to become a net exporter of natural gas and to reduce the Commonwealth's greenhouse gas emissions by switching fuel use toward gas and renewables and away from coal.

However, we must ensure that development of the Marcellus shale resource is undertaken in such a way that Pennsylvania's environmental and conservation heritage are respected and protected. To that end, PEC recently sponsored a Marcellus Shale Policy Conference at Duquesne University where we focused on developing the appropriate regulatory program(s) that will allow the industry to move forward while ensuring protection of our resources and communities.

In our discussions of Marcellus Shale and its impacts, good and bad, on the Commonwealth; we have made clear that we separate discussions of drilling, completion, and midstream operations from the issues surrounding the severance tax. It is the latter subject that you are addressing here today.

The estimated cost to address only abandoned mine remediation in Pennsylvania exceeds \$1 billion. That number is only part of a much broader cost for dealing with other sources of nonpoint source pollution (affecting close to 10,000 miles of our rivers and streams), plugging abandoned wells, protecting farmland, or other critical conservation and restoration work.

This brings me to the severance tax proposal being discussed today.

### **Conclusion**

We believe that a severance tax is warranted *if* the revenues derived from such a tax are committed to addressing the community and natural resource impacts associated with natural gas extraction, and help sustain long term environmental program funding to advance locally-driven restoration efforts. Other states follow this model and it is a proviso in many of the legislative proposals now on the table; and it is appropriate for Pennsylvania.

Even with the best of efforts and intentions by the natural gas industry, problems are going to happen. We cannot afford to add to the legacy that already burdens our state.

The position that revenues should be used to balance the budget or simply bolster the General Fund for later decision making reflect short-term thinking and fail the very real and long terms needs of the Commonwealth – our communities, our citizens, and our environment.

PEC generally supports the enactment of a severance tax if it returns resources to impacted communities and to the environment.

Let me conclude by again thanking the Committee for the opportunity to comment on this important and pressing matter.