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**Testimony of Myron Arnowitt, PA State Director, Clean Water Action
to the Pennsylvania House Finance Committee
concerning HB 2443
May 20, 2010**

Good afternoon. My name is Myron Arnowitt, and I am the Pennsylvania State Director for Clean Water Action. Clean Water Action is a national organization dedicated to protecting America's waters, building healthy communities and to make democracy work for all of us. We have been operating here in Pennsylvania for over 25 years and have over 120,000 members throughout the state.

We appreciate having the opportunity to address the Committee concerning the important issue of the proposed severance tax on natural gas extraction. Clean Water Action supports the enactment of a severance tax in Pennsylvania and we look forward to the PA General Assembly taking up this issue.

While proponents of drilling in Pennsylvania's Marcellus Shale for natural gas often tout the economic benefits of such an activity, there are many costs to our state and our residents. We are already facing additional water and air pollution from new gas well drilling, and a number of communities have faced problems including spills of hazardous chemicals and threats to both public and private water supplies.

As an example of this concern, in a May 17, 2010 press release, Jeffrey Hines, President of the York Water Co., in speaking of the problem of total dissolved solids, or TDS, in Marcellus drilling wastewater stated, "It makes much more sense to reduce the amount of TDS before it enters Pennsylvania's source waters than it does to remove it at our drinking water treatment facilities. If water suppliers were required to remove the TDS it would create a very costly burden to our customers and our communities."

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go? Every other state with a significant gas deposit already has instituted a severance tax. If there ever was an indication that this idea makes sense is that fact alone. Truly the extreme position is that Pennsylvania should stand alone as the only gas producing state without such a tax. Finally, we are told that the industry is in its 'infancy', and that we should hinder its development. I've never before heard of Exxon referred to as a 'start-up' company, but that is the position that opponents of the severance tax are taking.

Beyond instituting a severance tax is the important issue of how it should be utilized in Pennsylvania. Clean Water Action strongly believes that the primary purposes of the funds generated should be to repair any damage that the gas industry causes in the state, and to support a strong program to oversee and prevent problems that a rush to drill can cause.

We support many of the uses proposed by HB 2443 for the funds generated by the severance tax, including support for the Environmental Stewardship Fund, the PA Fish and Boat Commission, County Conservation Districts, and the Hazardous Sites Cleanup Fund. All of these programs play an important role in the protection and conservation of our natural resources which are under great pressure from energy resource development.

Municipal and county governments are also in need of financial assistance as many burdens fall on local communities where there is gas drilling taking place. Problems can arise with excessive truck traffic, wear on roads, issues with temporary housing for gas workers, review and updating of zoning and planning ordinances, and emergency response. It is worth noting that Washington County has had more than one case of fires at drilling sites, including setting open wastewater pits on fire.

Finally, there is a real need to utilize funding from the severance tax for the state Department of Environmental Protection, which has the primary responsibility to permit, inspect, and enforcement environmental standards on the gas industry. Last year, the DEP budget took the largest



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governments to ignore the legitimate concerns of local residents when there are problems with drilling in their communities.

In conclusion, we believe that the severance tax is needed and should be utilized for proper environmental protections. However, we should make sure that the severance tax is not the only step we take with regard to Marcellus Shale drilling. A strong regulatory framework is needed to make sure that Pennsylvania is not paying costs for years from the damage that we have seen in the past. We hope that the members of the committee will consider this as you deliberate this session. Thank you.