



News for Immediate Release

Oct. 6, 2010

Governor Rendell Urges Senate Leaders to Enact Promised Severance Tax

Harrisburg – Governor Edward G. Rendell today wrote to Senate leaders and urged them to deliver on their promise to enact a severance tax on natural gas extraction this fall.

Media contact: Gary Tuma, 717-783-1116

Editor's Note: the text of the Governor's Oct. 6 letter follows:

October 6, 2010

To: The Honorable Joseph B. Scarnati III; the Honorable Dominic Pileggi

Dear Senators:

A week ago the Pennsylvania House of Representatives voted to impose a severance tax on natural gas drilling in Pennsylvania. Since that time, in spite of the expressed commitment made by you in the fiscal code, your comments, and those made by your staff, do not offer a shred of evidence that you have any intention of living up to this commitment you made to put the severance tax to a vote in the Senate before you adjourn the session.

Although the House believes the bill that passed imposes a tax at a fair and reasonable rate, I recognize that you may want to make changes to their taxing approach. However, in the last seven days you have not made a counter offer to the House tax rate, tax approach or their defined uses of the new revenues. Your failure to make a counter offer seems to suggest that you are more interested in running out the clock than living up to your public commitment to impose a tax on this industry.

I understand that in your estimation, the bill passed by the house is inherently flawed. I am certain there are ways to resolve the problems associated with the bill or its construct. What's important here is that the House lived up to its end of the bargain and passed a tax bill for your consideration. It's now time for you to make the next move to bring this matter to a close and say what you believe makes sense on the specifics of rate, approach and the use of the funds.

Obviously, the final severance bill must be drafted to survive a legal challenge. And, I know that when your chamber wants to get something done, you figure out how to do so. Thus I write today to urge you to put your counter offer on the table this week and to begin to work in earnest and with a sense of urgency to reach an agreement on a bill that can pass out of your chamber before you adjourn next week, that the House will support, and if sent to my desk, I will sign.

I am not interested in being party to bickering over vehicles or flawed statutory constructs. Neither are the people of Pennsylvania. Pennsylvania's roads, water ways and other state and local infrastructure are being overburdened by the expansion of natural gas drilling. The time has come for these companies to stop taxing our resources and challenging our environment and instead for us to tax them and apply these new revenues to improve our communities and protect our environment. Every day that goes by when these companies are drilling in our state untaxed is another day that our citizens are paying for the escalating cost imposed on us by these companies while they profit from our natural resources.

Let's get to work now and get this done.

Sincerely,
Edward G. Rendell, Governor

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