



TO: Honorable Members of the PA House of Representatives

FROM: Sam Denisco, Vice President, Government Affairs

DATE: Nov. 14, 2011

RE: HB 1950 – Marcellus shale impact fee and revisions to the oil and gas act

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On behalf of its membership comprising thousands of businesses of all sizes and across all industry sectors, the Pennsylvania Chamber of Business and Industry would like to express its support of HB 1950, which provides for a reasonable impact fee for Marcellus shale drilling companies and cohesive environmental standards. It is our understanding that this legislation will be considered this week.

The Marcellus Shale industry holds tremendous economic potential for the Commonwealth. Recent studies by the Department of Labor and Industry indicate that there have been 72,000 new hires in the Marcellus Shale core and ancillary industries. Moreover, the Department of Revenue has revealed that the industry has paid \$1.1 billion in taxes since 2006. These benefits are felt statewide, with many areas of Pennsylvania experiencing regional benefits. For instance, new federal data shows that Washington County has the third highest percent increase of employment in the nation, based largely on the presence of the natural gas industry. In Williamsport, where drilling is also occurring, the U.S. Commerce Department's Bureau of Economic Analysis reported the city to be the seventh fastest growing metropolitan area in the country in 2010.

House Bill 1950 contains key environmental protections. The bill amends Pennsylvania's Oil and Gas Act to increase the distances between a drilling well pad and streams, water wells, and building and public water supplies; and proposes reasonable increases in civil and daily penalties for violations, among other important environmental protection and enforcement safeguards.

In addition, the legislation is consistent with the recommendations of the Governor's Marcellus Shale Advisory Commission. The commission spent months holding public meetings, conducting research and listening to experts before developing recommendations that will adequately regulate the industry; bring needed jobs to the

Commonwealth; provide additional revenue to the state and local governments; and allow for new business opportunities while also ensuring environmental protection.

Most importantly, the bill contains language which seeks uniformity in applying regulations by superseding local enactments where the state has established an appropriate standard. The current patch work of local ordinances, even if well intended, makes it very difficult for drillers operating in multiple jurisdictions to be in compliance and effectively and efficiently operate.

The PA Chamber supports a state standard that would pre-empt local ordinances, some of which are mainly designed to halt drilling operations which denies citizens the direct economic benefit of natural gas drilling. The implementation of uniformity provisions as outlined in H.B. 1950 would put Pennsylvania on even ground with other states that are competing for the economic benefits provided by this industry. Establishing a predictable framework in Pennsylvania is necessary. Failure to do so could severely impact Pennsylvania's ability to capitalize on reduced electricity and natural gas utility costs.

Moreover, it is extremely important that the legislature move quickly to pass this legislation. Failure to come to terms with a comprehensive package could endanger short and long-term benefits to our state. H.B. 1950 provides certainty on a number of issues valued by the industry as well as those individuals who are supporting their families through work in the natural gas industry. For these reasons, the PA Chamber respectfully requests you vote "yes" on this bill.

If you have any questions or concerns, please do not hesitate to contact me at 717 720-5580 or e-mail me at [sdenisco@pachamber.org](mailto:sdenisco@pachamber.org).