

Good morning and welcome to Lycoming County. We are very appreciative of the Committee's willingness to join us in the heart of the Marcellus Shale. I am Commissioner Rebecca Burke, Chairperson of the Board of Commissioners and Chairperson of the first county Community Gas Exploration Task Force in the Commonwealth. Let me be clear from the start, the Commissioners and business community welcome the industry and are confident they are interested in being good business partners and neighbors.

The mission statement of the task force is to identify key issues, research facts and information, and review and propose public policy regarding the positive, economic impact of gas exploration of the Marcellus Shale in Lycoming County. It is comprised of a specific cross section of membership both public and private, government and business communities designed to fulfill the mission.

In April of 2008 there was an overwhelming increase in the demands placed upon our Register and Recorders office. This increased activity also required the Commissioners to approve and financially invest in and install 3 additional computer terminals and an additional printer to accommodate the increased activity for deed and title searches.

This experience awakened further consideration. It was apparent "the Marcellus play" had arrived in Lycoming County, and in partnership with the Williamsport- Lycoming Chamber of Commerce, the task force was created.

This Register and Recorder office enhancement was just the initial impact the gas play has impacted County resources. Oil and gas development clearly has impacts on local roads and bridges which are owned by counties, townships, and boroughs. Drilling horizontal wells requires high volumes of water. The transport of these millions of gallons of water per site is not limited to the host municipality. The transport may impact municipalities providing the water as well as many other municipalities through which it must pass enroute to the gas well pad site. Some responsible operators have been demonstrating willingness to repair the roads they damage, sometimes restoring them to higher standards than existed when they came. However, local governments and our constituents have no guarantees under the existing system. If irresponsible operators do not address the damages created, our roads deteriorate more rapidly and our local property taxpayers have the responsibility for the financial consequences, without any contributions from those benefiting from the oil and gas industry.

Additionally, counties are responsible for human services delivery, infrastructure, courts and corrections, all of which have the potential to impact our residents and providers. There are other impacts at the county level as well, as counties are responsible for emergency preparedness and response coordination. Counties also support the industry in providing services through the department of planning and economic development. Many counties contribute to the operations of conservation districts, which are also involved in environmental protection efforts alongside DEP and the river basin commissions.

At a time when State and Federal mandates are reducing funding to the counties, little to no room exists to accommodate individuals who are not contributing to the financial effort to sustain such services. We are confident the Counties have not, and will not shirk their responsibilities; however, it is first and foremost our responsibility to be accountable to our electorate and our taxpaying public not unlike each of you serving as a State Senator.

One cannot predict how much of an impact will occur, but unequivocally, any impacts will come at the expense of local citizens. Unlike other minerals in Pennsylvania, oil and gas is currently not subject to the property tax assessment, due to the Supreme Court decision in *Fayette vs. IOGA*. We have heard from other mineral suppliers regarding this inequity and submit to you that it truly is an inequity.

But all of that aside, the fundamental basis of the property tax system is that everyone who owns property – whether an individual, a store, a mineral producer, a power plant, a factory – is a member of the community and derives benefit, directly or indirectly, from that community. Property taxes are one mechanism to share the fiscal cost of providing core community services, in some nominal proportion of the ability to pay. Property taxes are not a service fee, and are so imposed without regard to the level of use of any of those services, but it nonetheless recognizes the strong interrelatedness of all members of our communities and county.

The County Commissioners Association of Pennsylvania, for at least the past 5 years...long before the Marcellus gas play...has had Tax Fairness as one of its penultimate priorities. Counties already sacrifice hundreds of thousands of tax dollars due to mandated exempt properties. I would note that 54,000 of the 74,000 acres of State properties recently leased are located in Lycoming County. Tax fairness is required to assure the expense of providing core services is shared by all, thereby reducing the burden on a few.

CCAP's members have affirmed that it is their priority that the property tax be restored for oil and gas because it assures local revenue and improves tax equity among mineral resources. We are cognizant of the tax burdens imposed by the state for the "cost of doing business in the Commonwealth". These business taxes would generally not be available for use by the counties and local government. However, if the General Assembly should decide to move forward with only a severance tax or leasing proposal, we respectfully request county, local, and school revenue be included in those discussions and be resolved concurrent to consideration of any state revenue source due to that which is very obvious the impacts are happening locally.

In short, the assessment of oil and gas is not a new or different consideration. Many states assess to the benefit of the local government entities as well as the state.

Today I reiterate that through our task force we have had the opportunity to form strong working relationships with the industry and it is not our intent to discourage the continued positive economic impact of this initiative. We simply encourage appropriate environmental stewardship through DEP, SRBC, our conservation districts with positive economic growth in conjunction with consideration for the significant impact on our communities.

Testimony of
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Senate Policy Committee

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Pennsylvania College of Technology