

County of Butler

Board of Commissioners

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February 23, 2015

To: The Honorable Senator Scott Hutchinson, Chairman of the Local Government Committee and all members of the Local Government Committee and Environmental Resources and Energy Committee,

As Butler County Commissioners, we wish to thank Chairman and Senator Hutchinson for the opportunity to provide comments to him and members of the Local Government Committee and Environmental Resources and Energy Committee, pertaining to the benefits associated with the Marcellus Shale Act 13 impact fees. We apologize for not being able to testify in person due to our prior commitments to participate in Butler County Community College's fiftieth anniversary celebration on March 3rd. We appreciate the opportunity to submit our comments to the committees in writing.

The Act 13 impact fee disbursements have had a positive impact upon Butler County in just these past few years. In 2011, Butler County received \$741,351 in impact fees, in 2012, \$1,001,930 and in 2013, \$1,571,501. As reported in our report to the PUC, in 2011, Butler County spent money on social services, emergency preparedness/public safety, capital reserve fund, environmental programs, and on judicial services. In 2012, Butler County spread the money even further to include public infrastructure construction, storm water/sewer systems, and on information technology in addition to repeating the same categories from 2011. In 2013, Butler County utilized Act 13 monies toward records management in addition to repeating the same categories in 2011 and 2012. The 2014 report is not yet available. As you know, Act 13 funds are specified in the legislation for their proper usages. This menu of thirteen categorical uses allows our county great flexibility to prioritize funds for local needs in our county, that may or may not be able to be facilitated without raising additional revenues. Each year, different problems and issues come up countywide throughout the course of the year that enable the county the flexibility to dedicate some of these dollars toward working toward a positive solution. For example, we had extensive flooding in the northern part of the county due to the extensive rain and storms one summer. We were able to help taxpayers in Chicora Borough in providing them some extra help by utilizing some of our Act 13 funds to match their local funding in addressing storm water management to alleviate future flooding. While part of our impact fee monies were dedicated to Chicora Borough's flooding, this "hand up" enables Chicora to begin a process toward resolving future storm water management that was at one time obsolete. Other than the example of Chicora Borough, our other dedicated uses of the impact fees benefit ALL TAXPAYERS of our county.

Another example of how we are able to utilize our Act 13 monies, is by knowing ahead of time of the funding needed for wireless funding updates in our 911 Center, we will be dedicating future dollars to offset those costs when and where there is a lack of state funding. Furthermore, we are able to overall leverage our dollars countywide by utilizing these dollars in a wise and efficient manner. Butler County has been fortunate to do projects that we never would have been able to do. We have been able to do so much more in our county needing done that is getting done. Gas impact fees have been reinvested back into our county roads and bridges, as well as, parks and environmental programs for the benefit of all county taxpayers. The monies we receive through the Legacy fund has been dedicated to Alameda Park for various improvement projects and some was provided to the Glade Run Lake Conservancy and Dam for county residents working toward the goal of reopening a drained lake due to a dam that is need of repair. Due to these monies being mandated for specific uses, our county was able to provide more monies to our community college this year after several years of flat funding. The recipient counties who receive impact fees are able to not only make impact in their counties, they are able to impact lives in a positive way by resolving problematic issues which all counties face from time to time. These funds enable the county to prioritize differently from year to year, as priorities change year to year. The funding from the impact fees impact all taxpayers countywide by dedicating these dollars for purposeful uses as categorically outlined in Act 13 and providing counties with flexibility to achieve their goals.

In 2012, the legislature created an impact fee that allows funds to support the most affected areas with active development, but also allows the non-affected areas of the Commonwealth to benefit. Associated Petroleum Industries of Pennsylvania and Ohio report that Pennsylvania's shale energy industry has generated over \$2.1 billion in state and local taxes. Additionally, the state's local impact fee has distributed more than \$630 million to communities since 2012 including more than \$224 million in just 2014. As the Commonwealth Foundation recognizes, much of the push for a severance tax is based on a myth that gas companies aren't paying their "fair share," and that Pennsylvanians aren't truly benefiting from this industry. In reality, gas companies paid an estimated \$810 million in royalties to landowners in 2013 and have contributed \$500 million to road repairs, and have paid billions in existing state taxes. Pennsylvania has the second highest effective corporate income tax rate in the industrialized world that doesn't exist in drilling states such as Texas or Ohio which are made to be more attractive to business and job creation. While states such as Texas and West Virginia impose a severance tax on extraction of natural gas, these states offer drillers lower overall business tax rates. Gas companies are not exempt from Pennsylvania business taxes.

Some of the most visible impacts have been made to township roads, county bridges and other infrastructure as developers bring drilling rigs, construction equipment, water and sand trucks to and from the sites, but there are other local effects too. Hotels are often filled with workers associated with the shale gas drilling, impacting both the tourism industry and the county hotel tax. Workers and their families from out of state have affected our housing and human services programs. Shale gas drilling also affects our county prison and law enforcement, as well as, our county recorder of deeds offices, as title searchers and leaseholders utilize these offices to identify landowners and properties. County impacts at our 911 Center for emergency preparedness involve not only training and updates to township and county response plans, but, planning and coordination of various first responders throughout the township and county levels.

All of the previously described county services and programs aforementioned in this testimony would entail consistent state funding or tax increases to generate additional revenues to address all these needs and impacts, without the impact funding as appropriated through the guidelines of Act 13 of 2012. In regards to a severance tax, we do not want Pennsylvania to be a state with a growing reputation as a place that is difficult to do business in or as a place that is difficult to live in. Shale gas has reduced energy costs dramatically, saving Pennsylvania families thousands of dollars every year that enables them to keep more money in their pockets and reinvest elsewhere in their local communities. A severance tax will make Pennsylvania less attractive for business, jobs, wages, housing, and living. Our state legislature really needs to think of the policy implications such a tax would have on our daily living and this invested industry.

Thank you for taking the time to read our perspectives from Butler County government in our capacity as commissioners. We appreciate your taking the time to hear testimony from various stakeholder groups representative of your senatorial district as well as our commonwealth. If we can be of further assistance to you in any way, we hope that you will not hesitate to contact us.

Thank you for the opportunity to share this information with you.

Sincerely yours,

Butler County Commissioners



William L. McCarrier
Chairman



A. Dale Pinkerton
Vice Chairman



James Eckstein
Secretary