



# 2009 County Government Priorities

## Marcellus Shale

**T**he Marcellus shale natural gas exploration and development impacts nearly two-thirds of Pennsylvania's counties, and has the potential to bring a boost to the state and local economies during an economic downturn. Yet this development is not without social, economic and environmental concerns.

CCAP supports efforts by the administrative agencies and the General Assembly to broadly view and address the host of taxation, environmental, infrastructure and socioeconomic issues that surround the development of this resource. Recognizing the challenges and opportunities associated with this burgeoning industry, CCAP members in Marcellus counties formed a task force to examine the issues that will impact local communities. The task force has discussed environmental impacts, infrastructure issues, emergency response and planning, and economic impacts, as well as the need for local revenue. This task force is developing policy recommendations that will be shared with the legislature in 2009.

Currently, no county, municipal or school tax revenue is derived from oil and gas development. Historically, counties could assess oil and gas reserves for property tax purposes, but in 2002 the Pennsylvania Supreme Court ruled that for oil and gas to be assessable, they must be specifically enumerated in assessment law. This ruling is contrary to language in the General County Assessment Law that states that property is taxable unless specifically exempt. Local governments seek action by the legislature to restore the ability to assess oil and gas as property,

consistent with other resources such as coal, limestone, and wind power. Without the proper taxation of oil and gas companies' interest in mineral rights, an inequitable tax burden is placed on other property taxpayers.

Clean and Green is a program that allows certain agricultural and forest lands to be assessed for property taxation at their use value rather than full market value. Much of the exploration and drilling is taking place in rural areas of the state, and because the Clean and Green statute is not clear on how these operations should be treated, counties have issued various interpretations of when or if the Clean and Green covenant has been violated, triggering roll-back taxes and penalties. Counties urge the General Assembly to clarify this issue in statute.

One of the most visible impacts on local communities has been township roads, county bridges and other infrastructure as developers bring drilling rigs, construction equipment and truckloads of water to and from the site, but there are other local effects, too. Hotels might be filled with workers associated with Marcellus, impacting the tourism industry. Education infrastructure to support the industry is only beginning to ramp up to train the local workforce to work on drilling operations. Even county recorder of deeds offices are affected, flooded by title searchers confirming ownership of subsurface rights.

Counties are also concerned with the availability of state resources to execute permitting and oversight functions associated with water, waste water disposal

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and transportation issues. Counties and municipalities have no direct enforcement capacity through permitting, zoning or other means, so local governments rely on the state to protect the public interest. To improve local coordination, counties suggest that local agencies be notified when drilling activity begins.

Counties offer the commonwealth their assistance to address the many policy issues related to Marcellus shale to ensure that the resource can be developed while also protecting the citizens we serve.

**For more information on county Marcellus issues, or the CCAP Natural Gas Task Force, contact Kristen Goshorn at (717) 232-7554 x 3113 or [kgoshorn@pacounties.org](mailto:kgoshorn@pacounties.org).**