

A Message from the Chairman

By Peter V. Marcoline, Jr. Chairman, Board of Supervisors

The Nottingham Township Board of Supervisors opposes any Amendment to Act 13 of 2012 that would reduce the amount or allocation of unconventional gas well fees, i.e., "Act 13 Impact Fee" to Nottingham Township or any municipality affected by gas exploration activities.

Act 13 of 2012 amended the Oil and Gas Act of 1984 and imposed a per well fee assessed and collected on wells drilled into the Marcellus Shale known as unconventional wells. The Pennsylvania Public Utility Commission (PUC) assesses, collects and distributes the impact fees.

There is presently much controversy about whether or not the companies drilling in the Marcellus Shale pay their "fair share" on the money generated from this activity. There are presently proposals to enact an extraction tax on the Marcellus Shale Industry to fund everything from roads to schools. The purpose of this article is to provide information to Township residents regarding the amount of money paid by the industry in impact fees for state taxes and fees, and to Washington County and Nottingham Township.

The impact fee was designed to provide a financial benefit to those communities where the Marcellus Shale drilling activities took place as it was those communities that would bear the brunt of any negative effects of the drilling, such as noise, increase in truck traffic, damage to roads, pollution of water supplies, etc.

In the fiscal year 2012, this industry paid approximately \$1.4 billion in state taxes and fees. It contributed nearly \$300 million dollars in property taxes to local governments. The impact fee imposed on the Industry, which is in reality a tax, generated over \$200 million in revenue to affected communities.

In the years 2011 and 2012, Washington County alone received \$2.3 million dollars in impact fees, excluding payments to Washington County municipalities. For those years, Nottingham Township received approximately \$126,000 in impact fees.

As of the writing of this newsletter article, Nottingham Township has one operating Marcellus Shale well. The impact fees received to date are the result of that one well. As set forth in another article in this newsletter, four (4) more unconventional wells are expected in the immediate future. The benefit to this Township has already been significant as the \$126,000 received in impact fees allows the Township to utilize those funds for various projects without having to use taxpayer funds or to raise taxes.

The Board of Supervisors are aware that the Pennsylvania General Assembly is considering passing legislation Amending Act 13 to reduce and/or eliminate the amount of impact fees distributed to townships effected by gas exploration and drilling activities, thus taking away those funds from affected townships and local control. One of the considerations before the General Assembly is to impose an extraction tax to make the Oil and Gas Industry pay their "fair share". However, pursuant to Act 13, if an extraction tax is, in fact imposed, the impact fee is automatically eliminated by operation of law. While the particulars of a extraction tax are presently unknown, it is assumed that the proceeds would be widely distributed throughout the Commonwealth in a manner that is simply unknown at this time and would not directly benefit the townships impacted by the drilling such as Nottingham Township, which the impact fees do.

In response to the consideration by the General Assembly of amending Act 13 to reduce or eliminate the amount or allocation of impact fees, the Board of Supervisors has adopted a resolution opposing any Amendment to Act 13 that would reduce the amount or the allocation of impact fees to municipalities affected by gas expiration activities. This resolution was submitted to the Washington County Association of Township Officials and it is expected that, with the approval of all 31 of the townships that comprise the Association, the Association will adopt a similar resolution opposing any Amendment to Act 13.

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