

Subject: CCAP Media Release On Governor's Shale Proposal

October 6, 2011

CONTACT: Douglas Hill

(717) 232-7554 x 3115

(717) 979-2566 (cell)

dhill@pacounties.org

County commissioners support direction of Corbett gas proposal

Association expresses strong reservations about county levy and administration

(Harrisburg, PA) --The County Commissioners Association of Pennsylvania (CCAP) today announced its support for the direction taken by Governor Corbett in his plan to implement numerous recommendations of the Marcellus Shale Advisory Commission, while expressing strong reservations with its provision vesting the levying and administration of the local impact fee with county government.

Under the proposal, counties with shale gas would be authorized to levy an impact fee on active wells, at a maximum rate of \$40,000 per well for its first year of production (\$30,000 in the second year, \$20,000 in the third, and \$10,000 per year through the tenth year). Seventy-five percent of the proceeds would stay with the impacted county and its municipalities, and the remaining 25 percent would be forwarded to the commonwealth for allocation among several shale gas-specific funds.

The Association expressed strong support for the 75 percent allocation to impacted communities, noting that counties and municipalities do not currently receive direct revenues from Marcellus and other shale gas producers, as they do from other mineral operations, based on a 2002 Pennsylvania Supreme Court decision that exempted oil and gas from local property taxes. Yet counties do provide services and incur costs based on gas development, including highway and bridge infrastructure, emergency management planning and response, human services, record keeping and others. The Governor's proposal directs the impact fee proceeds to these types of services, and CCAP notes that the list of allowable expenditures, and the formulas for distribution of the funds among the municipalities in the county, mirror proposals offered to the Governor's Commission by it and the other local government groups.

The Association's strong reservations with county levy and administration of the impact fee are based on concerns that it creates inconsistency and uncertainty in its levy and creates duplicative administrative processes. The Association believes that the interests of local government and of the industry are both better addressed by a uniform statewide levy and state administration. The point is further emphasized by the proposal's dedication of 25 percent of the proceeds to state agencies.

CCAP also noted its membership's interest in other shale gas development issues, expressing support for the Governor's proposals to strengthen or address environmental, public safety, and pipeline concerns among others. The Association commented that the Governor's proposal shares many of the elements contained in legislation already introduced this session, signaling the beginning of a consensus to move the issue forward. CCAP expressed its interest in continuing to work with the Governor and the legislature to craft a comprehensive approach to shale gas development for enactment this fall.

CCAP is the voice of county government, a statewide, nonprofit, nonpartisan Association representing all of Pennsylvania's 67 counties. CCAP membership includes the county commissioners, council members, county executives, administrators, chief clerks and solicitors.

CCAP strengthens the counties' abilities to govern their own affairs and to improve the well-being and quality of life for every Pennsylvania resident. CCAP is celebrating its 125th Anniversary in 2011.

###

Douglas E. Hill, Executive Director
County Commissioners Association of PA
717-232-7554 x 3115
717-979-2566 cell
717-232-2162 fax
dhill@pacounties.org
www.pacounties.org
Serving Counties Since 1886

10/6/2011