



September 8, 2017

To: The Honorable Members of the House Environmental Resources and Energy Committee

From: Stephanie Catarino Wissman
Executive Director

Subject: Vote No on HB 113

On Monday, September 11, the ERE committee is scheduled to consider HB 113, that would impose a 3.5% natural gas severance tax on top of the impact tax. The revenue generated from this version of the severance tax would be split between the Pennsylvania State Police and the teachers' pension fund.

On behalf of our members, API-PA opposes additional energy taxes because it is simply bad public policy, places future economic growth in jeopardy and makes Pennsylvania less competitive. Instead of adopting punitive tax policies, Pennsylvania should adopt public policies that expands its energy leadership role which, in turn, will help secure a more prosperous future for all Pennsylvanians.

This debate isn't about paying one's fair share or doing one's part; it's about targeting a single industry to pay more. The short-sighted goal of instituting additional energy taxes misses the point of what's at stake. It ignores economic reality, puts good family sustaining jobs in peril, and jeopardizes the future prosperity of Pennsylvania.

Industry resources are not unlimited. The fact is that within any given company, there is a finite amount of capital for investment. And, each project that requires a capital expenditure has to compete for those investment resources against other opportunities that a company might have. In this case, capital investment in Pennsylvania is competing against other shale plays and other states with highly developed infrastructure and favorable fiscal policies. The cost to drill a shale-gas well in Pennsylvania is the third highest in the nation. An additional energy tax makes investment decisions more difficult and places Pennsylvania further at a competitive disadvantage. No matter how hard the proponents try to spin that the industry can "afford" a severance tax the economic reality cannot be denied. Capital is moveable and seeks the greatest return on investment.

This debate comes down to one issue, competitiveness. Does Pennsylvania want investment here or elsewhere? The choice should be clear.

On behalf of API-PA's members, I respectfully ask you to oppose any additional energy taxes by voting "no" on HB 113. Thank you for your consideration.

cc: Speaker Turzai
Majority Leader Reed
Minority Leader Dermody