



A GOOD STARTING POINT

Scarnati Bill Could Provide Solid Foundation for Marcellus Impact Fee Talks

Earlier this year, when Senate President Pro Tempore Joe Scarnati introduced a measure to levy a local impact fee on natural gas drillers, he had one goal in mind: To generate enough revenues to help communities on the front lines. Not without controversy, the bill is now poised to be the launching pad for negotiations as lawmakers once again tackle the issue of what to do, fee-wise, and how to do it in the Marcellus Shale region.

BY JILL ERCOLINO / MANAGING EDITOR

Jefferson County Republican Joe Scarnati knows what it's like to be in the trenches. Once a borough councilman and now president pro tempore of the state Senate, the three-term lawmaker hasn't forgotten his local government roots and what it's like, as a local leader, to do more with less.

That's why Scarnati crafted and introduced Senate Bill 1100. The proposal, one of a handful offered this legislative session, would levy an impact fee on drillers in Pennsylvania's Marcellus Shale region, which blankets two-thirds of the commonwealth and is one of the richest resources of natural gas ever discovered.

The fee would help municipalities and counties in drilling's path deal with the side effects of the growing industry.

Many of those affected are small, rural communities along Pennsylvania's northern and southwestern borders, often referred to as "the fairway." Under the measure, local officials would receive more than half of the funds to cover the costs of roads, water and sewer systems, and emergency preparedness and provide more affordable housing.

"My intention," Scarnati says, "is to get dollars back to those communities and neighboring communities where drilling is taking place, and I'm going to continue to be a strong advocate for that."

Is an impact fee on the horizon?

Ever since the gas boom began in the state a few years ago, lawmakers have been haggling over what, if anything, natural gas drillers should pay to offset the impacts. It's an issue that

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has divided the General Assembly and Pennsylvanians alike. Some believe drillers should pay their fair share for the toll they’re taking, while others worry that such a levy would drive natural gas companies to greener — and more affordable — pastures.

For its part, PSATS, which has many member townships on the front lines, has strongly supported a severance tax or impact fee on natural gas extraction. The Association also contends that Pennsylvania should not mandate one-size-fits-all statewide zoning, which the industry has endorsed.

PSATS Executive Director David M. Sanko took these messages with him as a member of the governor’s Marcellus Shale Advisory Commission. His colleagues must have been listening.

In its final report to Gov. Tom Corbett, the 30-member commission unanimously approved the notion of an impact fee. The group also held that the state should maintain local land use controls that are reasonable and based on common sense.

After the report’s release, Sanko issued a news release commending the commission and lawmakers on their

hard work to address drilling’s side effects. He drew particular attention to Scarnati’s SB 1100, which Sanko says comes the closest to addressing the commission’s overall recommendations.

Scarnati says a local impact fee on the natural gas industry makes a lot of sense, especially when you consider that communities that host casinos and landfills have been receiving compensation from these lucrative operations for quite some time.

“Some communities are receiving \$10 million a year from casinos,” he says. “It’s all an issue of fairness for me.” ►

SEN. JOE SCARNATI

Former Councilman,
Brockway Borough, Jefferson County

- **Was born and raised in** Brockway, Jefferson County, where he still has a home.
- **Is serving his third term** in the state Senate, where he is currently president pro tempore, the third highest constitutional office in the commonwealth.
- **Represents the 25th senatorial district**, which includes Cameron, Elk, Jefferson, McKean, Potter, Tioga, and portions of Clearfield and Warren counties.
- **Following the death of Lt. Gov. Catherine Baker Knoll** in November 2008, Scarnati stepped in and served the remainder of her term until January 2011.
- **Is a former member of the Brockway Borough Council** and the Jefferson County Development Council.
- **Graduated from Penn State DuBois** and became a third-generation business owner in the Brockway area. He worked in the private sector for 20 years.



State Senate President Pro Tempore Joe Scarnati introduced Senate Bill 1100 in May. At left, the three-term Republican answers reporters’ questions about the measure, which would impose a local impact fee on natural gas drillers. SB 1100, which includes a controversial zoning provision, is expected to be up for consideration in the fall when lawmakers return to Harrisburg and tackle the impact fee issue once again.

LEGISLATIVE PROFILE

The bill would place a \$10,000 fee on every well drilled in Pennsylvania. On top of that, drillers would have to pay additional fees based on the amount of gas extracted and the price of natural gas.

The fee would generate \$121.2 million over a year and a half, Scarnati predicts, and would not be used to plug holes in the general fund. In addition to municipalities and counties, conservation districts would also receive a share of the funding.

Scarnati also wanted some money to be available through a statewide grant fund of sorts to support environmental and infrastructure projects. A recent amendment, however, cut that proposal from the bill.

A controversial component

One thing that remains in SB 1100 is a controversial provision directing the Pennsylvania Public Utility Commission, which would collect and distribute the revenues, to develop a model zoning ordinance that would pass court muster. Municipalities that adopt ordinances that are more restrictive than the model's provisions would forfeit their share of the funding.

Scarnati has taken heat for the proposal, crafted before the Marcellus Shale Advisory Commission released its report, but says his intention was never to force municipalities into statewide zoning. His goal, he says, was to ensure that communities that place overly restrictive conditions on natural gas companies, including outright bans on drilling, don't reap the fee's financial benefits.

"Any township today, tomorrow, or next year can pass an ordinance that doesn't allow drilling. This bill doesn't say they can't do that. All it says is that

these communities can't get the money," Scarnati says. "The impact money is for impacts. If there is no drilling, there are no impacts."

Still, the lawmaker says he is willing to reconsider the zoning proposal. "I'm on the side of helping out," he says. "If someone can give me a better mechanism to keep things fair, then I'm willing to look at it."

Right now, Scarnati is focused on formulating an impact fee measure that the governor will sign and believes that SB 1100 is a good starting point. At press time, he was in negotiations with the House Republican leadership and the Governor's Office to develop a bill package that not only levies an impact fee but also addresses the environmental impacts of drilling.

"I'm ready to get this done," Scarnati says. "This issue has been hashed over and over again. We have the perfect opportunity now to get something moving in the fall." ♦

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The advertisement features a large photograph of the Upper Providence Township Community Recreation Center, a modern building with a mix of stone and wood paneling. An inset image shows the interior of the center, which is a well-lit gymnasium with various exercise machines and a basketball court. The text is arranged in a clean, professional layout, with the firm's name and contact information at the top right, the project name in the middle left, and the service area at the bottom.