

By-Lined Article

COULD APPROPRIATIONS CHAIR DECISION DELAY SEVERANCE TAX FOR ANOTHER YEAR?

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Pennsylvania House of Representatives Republican Appropriations Committee Chairman Mario Civera of Delaware County has altered his retirement plans, and now says he will stay through the next budget process. Civera's announcement means he could remain in office until at least June 30, 2010—the end of the 2009–2010 fiscal year. The word from Civera's office is that Civera was firmly against imposing any additional taxes in the most-recent budget cycle, and he is anticipated to maintain the same position through the upcoming budget cycle.

"He believes it's wrong not only to impose taxes on businesses in a bad economy but especially when they are start-up operations like they are in the Shale," according to a Civera office spokesman. The Marcellus Shale is a sedimentary rock formation that contains largely untapped natural gas reserves.

Civera earlier indicated that he would retire from the state house of representatives soon after being elected to the Delaware County Council on November 3, 2009. He was positioning his Delaware County colleague Bill Adolph to win the caucus election for appropriations chair. In November, Adolph is quoted in a Capitol Wire news service release, saying that a severance tax was inevitable. "Once the [natural gas] industry gets up and running, I'm sure there will be a tax," said Adolph.

Although they are in the minority in the house of representatives, the Republicans helped stave off broad-based tax increases as part of the 2009–2010 budget signed into law by Governor Rendell on October 9, 2009. Governor Rendell and house Democrats initially supported a severance tax as a way to help close a \$3.2 billion gap in the budget. Pennsylvania house and senate Republicans opposed the tax, while senate Republican leaders left an opportunity for future consideration of the tax.

Lawmakers are likely to face a growing deficit as the fiscal year closes on June 30, 2010. Year-to-date revenue collections show that the state's General Fund is already \$217 million short of estimate. Fiscal pressure could resurrect the governor's proposed tax, at an effective rate of 6.25 percent.

The gas industry maintains that Governor Rendell pulled the tax from consideration for another reason: It would raise little revenue. The Pennsylvania Oil & Gas Association estimated the tax would add only \$15,900,000 to the General Fund. "We estimate total production from the Shale next year of 93 billion cubic feet of gas, at a projected wellhead price of \$4.56 per thousand cubic feet," said Steve Rhoads, president of the association. "The industry is really still in its infancy."

[Click here](#) for tax figures compiled by the Pennsylvania Oil & Gas Association.

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