

Feb. 18, 2021

Congratulations on your recent election to serve in the Pennsylvania General Assembly. The Stop New Energy Taxes coalition looks forward to working with you to promote Pennsylvania's economy. For several years, our coalition has provided a voice about the importance of promoting and growing our economy through the continued growth of the natural gas industry. Over the next few months, we hope to have the opportunity to have our members speak with you about our priorities.

On behalf of our diverse coalition of the state's leading business organizations and trade associations, we write in continued opposition to the enactment of an additional severance tax or other punitive energy taxes as part of the budget for the 2021-22 fiscal year. We acknowledge the fiscal challenges that have resulted from the COVID-19 pandemic and the associated restrictions imposed on the economy. However, it remains imperative that the state continue to position itself for long-term economic competitiveness in order to fully recover. Punitive energy taxes will only discourage investment in job creation in the high-value sectors of manufacturing, energy development and construction - sectors which already bore considerable burden throughout this pandemic as the economy contracted.

We share the desire to establish fiscal policy that ensures both a near term recovery and the long-term health of the Commonwealth. The economy isn't growing during the pandemic. It is recovering. We, therefore, must oppose taxes that would dampen investment into what should be one of the state's brightest spots for growth – an abundant supply of natural gas. This month marks the ninth anniversary of Act 13 being signed into law, which, in addition to strengthening the state's regulatory approach on natural gas exploration, has to date brought in nearly \$2 billion in impact fees, which are assessed on every unconventional gas well drilled in the state. These revenues have been distributed statewide to support infrastructure, parks and recreation, water and wastewater treatment projects and other vital public goods.

Natural gas which can be used to power businesses, homes, schools and industries across the state and throughout the country. Such development will further the significant, long-term improvement in air quality and reductions in greenhouse gasses that have been documented by state and federal regulators, in addition to bolstering domestic energy security at a time of heightened geopolitical tensions. We must recognize the enormous value natural gas plays as feedstock to produce products used in daily business and consumer life.

Pennsylvania has benefitted from a strong energy industry and therefore has fared better than other states following the recession in 2008 and the recent economic challenges presented by the coronavirus pandemic. Given that energy costs and tax policy are key drivers of a state's ability to compete for investment, we need policies that sustain and grow this industry and the sectors it supports – whether that be hospitals in need of PPE and reliable energy or manufacturers looking to re-shore and enhance our supply chains. Bipartisan pursuit of pro-growth economic and regulatory policy could help Pennsylvania be in a position to compete long-term for investment and growth. We look forward to working with you to make that a reality.

Sincerely,
Associated Builders and Contractors of Pennsylvania
Associated Pennsylvania Constructors
API Pennsylvania
Consumer Energy Alliance
General Contractors Association of Pennsylvania
Keystone Contractors Association
Manufacturer & Business Association
Marcellus Shale Coalition
National Federation of Independent Business
Pennsylvania Aggregates and Concrete Association
Pennsylvania Builders Association
Pennsylvania Chamber of Business and Industry
Pennsylvania Council of General Contractors
Pennsylvania and Delaware Cleaners Association
Pennsylvania Forest Products Association
Pennsylvania Independent Oil & Gas Association
Pennsylvania Manufacturers' Association

