

Feb. 18, 2021

Dear Governor Wolf and Honorable Members of the General Assembly,

On behalf of our diverse coalition of the state's leading business organizations and trade associations, representing thousands of businesses who employ millions of Pennsylvanians, we write in continued opposition to the enactment of an additional severance tax or other punitive energy taxes as part of the ongoing budgetary discussions 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 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 the long-term health of this state as well as the continued recovery of the economy, and 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 can be used to power businesses, homes, schools and non-profit organizations 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 has as feedstock to produce products used in daily business and consumer life.

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.

Pennsylvania has been leading the way in energy production, bringing manufacturing and construction jobs back and meeting the demand for reliable and affordable energy. Sustaining and growing 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 – is needed now more than ever given that energy costs and tax policies are key drivers of a state's ability to compete for investment. Bipartisan pursuit of pro-growth economic and regulatory policy could help Pennsylvania turn the tide and 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 Forest Products Association
Pennsylvania Independent Oil & Gas Association
Pennsylvania Manufacturers' Association
Pennsylvania and Delaware Cleaners Association