

STOP NEW ENERGY TAXES

Dear Governor Shapiro,

On behalf of Pennsylvania's leading business and industry associations, we respectfully urge that your upcoming budget proposal for FY 2026-27 continue to recognize and support the central role Pennsylvania's energy industry plays in the Commonwealth's economy.

Pennsylvania's economic trajectory is moving in the right direction. Moody's Analytics recently reported that Pennsylvania is the [only state in the Northeast with a growing economy](#). Site Selection Magazine has named Pennsylvania one of the [top business climates in the nation](#), and new data from the U.S. Bureau of Labor Statistics shows Pennsylvania ranks among the [top states for five-year new business survival](#). Together, these indicators point to a healthy and improving economy — one that is built, in large part, on affordable, reliable energy.

Pennsylvania's energy industries provide hundreds of thousands of family-sustaining jobs, attract private investment, and support economic growth across every region of the Commonwealth. With abundant natural resources and a skilled workforce, Pennsylvania is well-positioned to build on this momentum, so long as public policy supports – rather than penalizes – this critical sector.

We recognize that Pennsylvania faces significant fiscal challenges. According to the Independent Fiscal Office's [most recent five-year economic and budget outlook](#), the Commonwealth is projected to face an operating deficit of \$4.8 billion in FY 2025-26, growing to an estimated \$6.65 billion by FY 2029-30. These projections will understandably prompt discussions about new revenue options. However, targeting the energy sector with new taxes would risk slowing growth and undermining one of the state's most reliable revenue generators.

Recent data confirms that Pennsylvania's existing impact fee structure is working as intended. The Independent Fiscal Office estimated that [impact fee collections](#) totaled \$239.9 million in calendar year 2025 — the highest level since 2022 and a 46 percent increase from the prior year. As production and market conditions improve, so do returns for the Commonwealth and local communities. This demonstrates that the impact fee delivers growing revenue without discouraging investment or increasing costs for consumers.

Despite this, the House and Senate have introduced legislation that would implement punitive severance taxes on natural gas production. Proponents often point to Texas as a model, but that comparison ignores key facts. Texas has no corporate income tax, no personal income tax, and a legal and regulatory environment built for speed and certainty. Pennsylvania's overall tax and regulatory landscape is fundamentally different, and comparing one tax in isolation ignores the broader competitiveness picture.

Additionally, since 2012, Pennsylvania's natural gas impact fee has generated more than \$2.88 billion for local governments, infrastructure, environmental programs, and other public priorities. Because the fee is tied to the age of the wells and the average annual price of natural gas, its structure ensures that revenue grows when the industry succeeds. This market-based system balances fiscal needs with economic competitiveness. Layering a severance tax on top of this existing structure would increase costs, discourage investment, and ultimately reduce the long-term benefits the energy industry delivers to the Commonwealth.

Considering that the natural gas and oil industry supports 400,000 jobs and contributes \$77 billion to the Keystone State's economy, adding burdensome taxes could have devastating impacts.

Affordable energy remains a cornerstone of Pennsylvania's economic strength. We urge you to avoid proposing new or increased energy taxes and instead commit to preserving the existing impact fee structure. Doing so will support economic growth, protect consumers and employers, and help stabilize state revenues without harming one of Pennsylvania's strongest economic assets.

Thank you for your time and consideration. We value your leadership and welcome the opportunity to serve as a resource as you make key public policy decisions affecting the people and economy of Pennsylvania.

Sincerely,

PA Chamber of Business and Industry
American Petroleum Institute – Pennsylvania
Associated Pennsylvania Constructors
Associated Builders and Contractors - Keystone Chapter
Keystone Contractors Association
Manufacturers & Business Association
Marcellus Shale Coalition
National Federation of Independent Business - Pennsylvania
Pennsylvania Chemical Industry Council
Pennsylvania Council of General Contractors
Pennsylvania Independent Oil & Gas Association
Pennsylvania Independent Petroleum Producers
Pennsylvania Manufacturers' Association
Pennsylvania Motor Truck Association
Pennsylvania Septage Management Association
Pennsylvania State Grange
Performance Racing Industry
Specialty Equipment Market Association

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