By-Lined Article

# Local And State Tax Revenues Jump In Drilling Areas, According To Marcellus Coalition

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*Marcellus Shale Law and Policy Update*

Collections of Pennsylvania sales tax, realty transfer tax and other local and state taxes remain robust in concentrated natural-gas drilling regions of the state, according to a Penn State University study commissioned by the Marcellus Shale Coalition.

The coalition released the findings in a March 21, 2011, press release:

- The data indicate that counties with 150 or more Marcellus wells experienced an 11.36-percent increase in state sales-tax collections between 2007 and 2010. Counties with fewer Marcellus wells reported declining state sales-tax collections, but they still did better than counties with no Marcellus wells, which reported steeper declines. These data suggest that counties with Marcellus Shale development fared better in retail sales during the years 2007–2010 than those counties without.

- Across the state, realty transfer-tax collections were down between July 2007 and June 2010, reflecting overall weaknesses in the real estate market. However, counties with Marcellus shale development typically declined less than those without such development.

- The state personal-income tax is a levy on personal income, including wages and salaries, investment income, and leasing and royalty income. Counties with Marcellus Shale activity showed greater increases in tax income than non–Marcellus Shale counties, even though there was little difference in the number of returns filed. Counties with 10 or more wells reported an average 6.96-percent increase in taxable income, and counties with between one and nine wells reported a 3.08-percent increase. Those areas with no wells witnessed a 0.89-percent increase in taxable income.

- In counties with 10 or more Marcellus wells, returns reporting royalty income increased 44.1 percent, and tax income increased 325.3 percent.
- Counties with 10 or more wells recorded a 10.8-percent increase in net profits [what business owners pay on their business earnings] between 2007 and 2008, and counties with fewer than 10 wells saw a 7.1-percent increase in such income. Counties with no gas activity had increases of only 1.5 percent.
- State tax collections in counties with significant activity related to Marcellus Shale had larger increases on average in sales- and personal-income tax collections and less precipitous declines in realty transfer-tax collections than did other Pennsylvania counties. The data indicate that Marcellus Shale development brings some positive economic activity for communities.

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