

February 1, 2010

## Severance tax on natural gas would offset cost of 35 new regulatory jobs

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New York is budgeting for 35 new positions in the next fiscal year to help oversee production of the Marcellus Shale, if and when it gets there.

While political and regulatory uncertainty clouds the fate of Marcellus production north of Pennsylvania, the staffing proposals are a sign that Gov. David Paterson's office is preparing.

"If drilling moves forward, we have the infrastructure in place to do it in a safe and responsible way," said Morgan Hook, a spokesman for the governor.

The staffing initiative would add 29 workers to the Department of Environmental Conservation, four to the Department of Health, and two to the Public Service Commission. The \$3 million annual payroll would be offset by a severance tax on gas extracted from the ground.

The initiative would give the state authorization to make the hires and impose the tax, although both could be delayed if Marcellus permitting remains on hold. The state is still reviewing the environmental impact of Marcellus development, a controversial process that began in 2008.

Assemblywoman Donna Lupardo, D-Endwell, has supported the idea of dedicated funding to expand the state's ability to oversee Marcellus wells. The state DEC's Mineral Resources Division has about 15 inspectors that would have to handle thousands, and perhaps tens of thousands of new wells in New York in years to come.

Lupardo said the general fund appropriation will "help as soon as the state is ready," but added the 3-percent extraction tax "may be premature" in light of the moratorium on Marcellus production.

Sen. Thomas W. Libous, R-Binghamton, had a similar view: "If it helps expedite safe drilling, then we will be supportive," he said. "When you start granting permits, you are going to need additional staff."

He expressed reservations about approving a tax for an activity for which permitting is on hold.

"What scares me, New York is always finding some way to raid a special fund," he said. "We'd have to do this so it was legislatively air tight."

Pennsylvania is hiring 68 new regulators to oversee natural gas drilling. State officials are expecting 5,200 new permits to drill in the Marcellus Shale this year -- nearly three times the number of permits issued in all of 2009, according to information from the state Department of Environmental Protection.

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