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New Pa. GOP leaders eye a fee on natural gas instead of a tax

By Amy Worden

Inquirer Harrisburg Bureau

HARRISBURG - When is a tax not a tax? When it's a fee.

That's how House Republican leaders said Wednesday they would get money from the natural gas industry to cover any costs from road or environmental damage caused by drilling.

"We would not put forward a straight-up tax like the House [Democrats] did," said Rep. Sam Smith (R., Jefferson), who will likely be elected speaker of the House by his GOP colleagues. "We would look at a way for industry to contribute to local municipalities to help out with the impact."

The General Assembly failed to reach agreement on a shale tax last month, despite a promise to do so by both House and Senate leaders in July. Gov.-elect Tom Corbett has said he would not support a shale tax of any kind - effectively removing from budget discussions a major source of new revenue to combat a multibillion budget deficit.

Fresh off their big election night victory, Smith, the current minority leader, and other House Republicans on Wednesday laid out elements of their legislative agenda, and among them was the need for some kind of impact fee on gas drillers.

Smith, speaking at a packed news conference in the Capitol, said he and his members would work to reduce the size and cost of government, sell the state liquor stores, and make government more accountable.

"The coach put us on the bench for the last four years," said Smith. "The voters are the coach and the coach put us back in the game yesterday."

Smith and other leaders said the voters' verdict was consistent: Pennsylvania needs to be more competitive, and government spending needs to be controlled.

But they acknowledged a high budget hurdle before them with the loss of hundreds of millions in federal stimulus funds and looming pension obligations.

"We have tough decisions ahead, and we are not willing to shy away from them," said Rep. Mike Turzai (R., Allegheny), now the GOP policy chairman, who is in line to become the next House majority leader. "We have the opportunity to do good and bold things."

Most of the House GOP agenda dovetails with that proposed by Corbett during the campaign, with the notable exception of an extraction tax on Marcellus Shale natural gas.

Corbett took a no-tax pledge and has maintained through the campaign that he will not violate it even on natural gas drilling, a fast-growing and lucrative industry that many Republicans in the legislature support taxing.

With vote counts not complete in some districts, Republicans picked up at least 21 House seats on Tuesday, giving them an 18-seat majority. The Senate retained its 30-20 Republican majority.

It will be the first time since fallout from the ill-fated legislative pay raise swept out record numbers of incumbents in 2006 that Republicans have controlled both chambers.

House Republicans said they want to improve the business climate by cutting corporate taxes, eliminating hundreds of millions in government waste and fraud, specifically in the Department of Public Welfare, and selling state assets, like the liquor stores.

Smith, a boyish 55, has represented the Punxsutawney area in northwest Pennsylvania since 1987, when he took over a seat his father, Eugene, held for 24 years. His most famous constituent is the groundhog Phil.

Smith, who for the last four years has been a polite critic of the governor and House Democrats, surprised the news conference attendees Wednesday by taking a stand against the size of the legislature. Smith said he wanted to reduce the number of members, an action that would require a constitutional amendment.

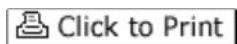
"There's nothing magical about 203 in the House or 50 in the Senate," said Smith. "I've come to the conclusion that a smaller number of members would make the House more manageable."

Rep. Bill Adolph (R., Delaware), soon to ascend to chairman of the House Appropriations Committee, said he would like to see a constitutional limit placed on campaign spending that he characterized as out of control.

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