

Danby Town Board Resolution No. 47 of 2012—Resolution regarding the taxation of natural gas extracted in New York State

Whereas New York State advances with its plan to permit the process of extracting natural gas from the Marcellus Shale areas in our region in the near future, and

Whereas local governments have already incurred expenses in preparation for the extraction natural gas and will incur further expenses such repair of roads, higher social service costs, emergency services, etc., if this industry comes our state and before any *ad valorem* revenue is received, and

Whereas the Town of Danby has already spent more than \$33,700 and many hours developing and adopting local laws to protect its residents, roads, aquifer, and infrastructure, and is considering more legislation in the coming year to protect the town regarding the impacts of natural gas extraction near this town and in neighboring towns, and

Whereas, *ad valorem* tax on production is the only revenue source for local governments to offset the cost of incorporating the gas extraction industry into its community, and

Whereas, *ad valorem* tax on production is not a revenue source for a municipality in close proximity to one that has gas extraction, yet the community in close proximity will also incur impacts and expenses from the gas extraction industry, and

Whereas, the State and local process for levying the *ad valorem* tax on gas production has a built in delay of a minimum of 3 years (year 1 gas is produced but not reported until year 2 when it is added to assessment roll for year 3 when the gas producers are sent tax bills for year 1's production) between the time that the gas is extracted (not the well pad constructed, well drilled and pipelines connected) and the year the local government will receive revenue which means that under the current system, taxpayer will need to pay for the impacts of this industry on the local government and community before any revenue is received to offset those costs, and

Whereas, other states that have hosted the gas and oil extraction industry for many years have a blend of fees and several taxes including *ad valorem* and severance to cover expenses to governments as they are incurred and not saddle the civil society with this burden, and

Whereas the calculation for Unit Production Value (UPV) in determining assessment of natural gas in New York State has not been completed for tight shale gas deposits like Marcellus so any planning for *ad valorem* revenue from gas extraction is impossible yet the prospect for impact is imminent, and

Whereas, the as yet undetermined UPV is multiplied by self-reported gas production to determine the assessed value of given well, and

Whereas, there is no independent oversight of the gas meter's accuracy, its installation, or its reading of extracted natural gas (self-reporting by the energy companies) which is an affront to the assessment process used for all other taxable properties within our County, and

Whereas, the Town of Danby's Comprehensive Plan and Zoning Laws do not allow heavy industrial development within the Town, we realize that the impacts, including the expenses, of natural gas extraction are felt distant from the actual wells and related support activity sites,

Therefore, Be It

Resolved that the Town of Danby strongly urges the Governor and the New York State Legislature to develop a blend of revenue streams through fees and other taxation of natural gas extraction to provide funds for state and local governments when expenses are incurred, and

Further resolved, that the Town of Danby urges the Governor to direct the Office of Taxation and Finance to establish, through an open and transparent process, the Unit Production Value for assessment of shale natural gas like Marcellus, and

Further resolved that the Town of Danby demands that the Governor and the New York State Legislature establish an accurate, transparent, and verifiable method of measuring and reporting shale gas production.

Moved by Halton, Second by Connors. A roll call vote on the Resolution resulted as follows:

Connors	Aye	
Halton	Aye	
Klein	Aye	
Race	Aye	
Dietrich	Aye	Carried Unanimously

STATE OF NEW YORK)
COUNTY OF TOMPKINS) SS:
TOWN OF DANBY))

Pamela Goddard, Town Clerk in the Town of Danby, a Municipal Corporation of the County of Tompkins, State of New York, does hereby certify that the forgoing resolution is a true and exact copy of a resolution duly adopted by the Town Board of said Town of Danby at a Regular meeting held on the 9th day of April of 2012.

IN WITNESS WHEREOF, I have hereunto set my hand and the Seal of the Town of Danby, this 12th day of April of 2012


Pamela S Goddard, Town Clerk