

**RESOLUTION URGING THE GOVERNOR AND THE NEW YORK STATE
LEGISLATURE TO DEVELOP A BLEND OF REVENUE STREAMS AND OTHER
TAXATION OF NATURAL GAS EXTRACTION AND TO ESTABLISH AN
ACCURATE, TRANSPARENT, AND VERIFIABLE METHOD OF MEASURING
AND REPORTING SHALE GAS PRODUCTION.**

Whereas New York State is preparing 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 of natural gas and will incur further expenses such as repair of roads, higher social service costs, emergency services, etc., when this industry begins drilling in New York and before any ad valorem revenue is received, and

Whereas the town of Ulysses has already spent funds and many hours of time in general preparation for the advent of drilling as well as passing legislation in order to protect the health, safety and well-being of residents and the natural resources within the town and is considering more legislation in the coming year to protect their residents, roads and infrastructure, and establish boundaries for the impacts of natural gas extraction in this town and surrounding 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 adjacent to one that has gas extraction, yet the adjacent community 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 role for year 3 when the gas producers are sent tax bills for year 1's production) between the time that the gas is extracted (which is after the well pad is constructed, well drilled and pipelines connected) and the year the local government will receive revenue which means that under the current system, tax payers 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 the Marcellus so

any planning for ad valorem revenue from gas extraction is impossible yet the prospect for impact is imminent, and

Whereas, the 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 meters accuracy, it's 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,

Be it resolved that the Town of Ulysses 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

Be It Further resolved, that the Town of Ulysses 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

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

Be It Further resolved that this resolution be sent by the Town Clerk to Governor Andrew Cuomo, N.Y. Senate Majority Leader, Dean Skelos; N.Y. Assembly Speaker, Sheldon Silver; N.Y. Senators Thomas O'Mara and James Seward; U.S. House Representatives Maurice Hinchey and Richard Hanna, N.Y. Assemblywoman, Barbara Lifton; U.S. Senators Kirsten Gillibrand and Charles Schumer; DEC Commissioner Joseph Martens; Tomkins County Council of Governments Chair, Herb Engman, and Tompkins County Legislator Carol Chock.

I hereby certify that the foregoing resolution was adopted by the Town Board of the Town of Ulysses at their Regular Town Board Meeting held April 10, 2012.

Witness my hand and seal of said Town this 12th day of April 2012.



Marsha L. Georgia
Ulysses Town Clerk