



Tompkins County Council of Governments

320 North Tioga Street
Ithaca, NY 14850
www.tompkins-co.org/tccog

Meeting: 04/26/12 03:30 PM
Department: Tompkins County Council of Governments
Category: Environmental
Functional Category: Gas Drilling

ADOPTED

DOC ID: 3321

RESOLUTION NO. 001-2012

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

MOVED by Ms. Robertson, seconded by Ms. Thomas, and unanimously adopted by voice vote by members present.

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 comes to town and before any ad valorem revenue is received, 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 (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, 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 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, now therefore be it

Resolved, That the Tompkins County Council of Governments (TCCOG) strongly urges the Governor and the

New York State Legislature to develop a blend of revenue streams and provide funds through fees and other taxation of natural gas extraction to provide funds for state and local governments when expenses are incurred,

Resolved, further, That the Tompkins County Council of Governments (TCCOG) strongly 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,

Resolved, further, That the Tompkins County Council of Governments (TCCOG) strongly urges that the Governor and the New York State Legislature establish an accurate, transparent, and verifiable method of measuring and reporting shale gas production.

RESOLVED, further, That copies of this resolution shall be sent to Director Bradley J. Field of the New York State Department of Environmental Conservation Division of Mineral Resources, Governor Andrew Cuomo, NYSDEC Commissioner Joe Martens, Chair of the Senate Committee on Environmental Conservation Mark Grisanti, Commissioner of Taxation and Finance Thomas H. Mattox; Chair of the Senate Committee on Energy and Telecommunications, George D. Maziarz, Senate Majority Leader Dean Skelos, Deputy Senate Majority Leader Thomas W. Libous, Senate Minority Leader John Sampson, Deputy Minority Leader Neil D. Breslin, New York State Senators James Seward, Michael Nozzolio, Thomas O'Mara, [Liz Krueger, Thomas Duane, Bill Perkins], New York State Assembly Speaker Sheldon Silver, Assembly Majority Leader Ron Canestrari, Assembly Minority Leader Brian Kolb, Chair of the Assembly Committee on Environmental Conservation Robert Sweeney, Chair of the Assembly Energy Committee Kevin Cahill, Assemblywoman Barbara Lifton, Attorney General Eric Schneiderman, United States Senate Committee on Energy and Natural Resources Chair Jeff Bingaman, United States Senate Subcommittee on Energy, Water, and Power Chair Jeanne Shaheen, United States Senators Charles Schumer and Kirsten Gillibrand, United States Representatives Energy and Water Development and Related Agencies Subcommittee Chair Rodney P. Frelinghuysen, Subcommittee on Environment and the Economy Member Diana DeGette, United States Representatives Maurice Hinchey, and Richard Hanna, and the New York State Association of Counties, the New York Association of Towns, and the New York Conference of Mayors.