



VIEWS & VISIONS

A publication of Bowles Rice LLP

Summer 2014



Managing Energy and Environmental Protection Equals Jobs and Growth

The Honorable Timothy J. Solobay, Senator
State of Pennsylvania

The Honorable Timothy J. Solobay serves the 46th Senatorial District of Pennsylvania. He was elected to the Pennsylvania Senate in 2010, after serving six terms in the state's House of Representatives.

In the Senate, Sen. Solobay has continued his focus on the region's economy as the expansion of natural gas extraction presents both opportunities and challenges.

Prior to becoming a state legislator, he served as state constable in Canonsburg, Pennsylvania, from 1982 to 1998. He worked as a radiographer at Canonsburg Hospital, and was the CAT and MRI department supervisor at Washington Hospital.

Continuing his experience in emergency management, Sen. Solobay was appointed Democratic chairman of the Senate Veterans Affairs and Emergency Preparedness Committee and as the Senate's appointee to the Pennsylvania Emergency Management Agency. He also is a member of the Pennsylvania Mining and Reclamation Advisory Board and the Adult Basic and Literacy Education Inter-agency Coordinating Committee.

A lifelong resident of Canonsburg, he earned a bachelor degree in management from California Coastal University in Santa Ana, California and is a graduate of Washington Hospital School of Radiologic Technology.

An April 2014 report from the Multi-State Shale Research Collaborative stresses the significant impact that shale gas development has had on Greene County, Pennsylvania. Findings from the report, relating to economic impacts on the county, could easily be extrapolated to Washington County as well.

The report is clear: shale gas exploration and development yield positive economic benefits for Greene County. To be fair, the report also identifies concerns that we are well aware of, but it also highlights what we already know about the importance of the resource to our economic future. In essence, our energy future is bright, if we are able to manage shale drilling and harness its value in a balanced way.

What the report, "Measuring Costs and Benefits of Natural Gas Development in Greene County, Pennsylvania: A Case Study," found was that income and employment have risen in the county since the shale play has been tapped:

- \$158 million was paid for 404 gas deeds in 2011, which is a significant increase from the \$4.2 million paid for 90 deeds in the previous year; and
- Greene County experienced 40 percent growth in employment from 2005-2012

This report is bolstered by statistics recently published by Pennsylvania's Department of Labor and Industry regarding shale drilling economic impacts. According to its Marcellus Shale Fast Fact (April 2014 edition), there were approximately 4,100 job postings in the industry for the month (March 2014) a 61 percent growth in core establishments, and the average wage in the industry was \$40,000 more than the average for all industries.

There is no question that southwestern Pennsylvania sits at the axis of energy development – as it has for years. The key to our future is in making sure we are moving forward in developing our energy resources in a balanced way. Also critical, we need to be careful in how we approach tax and environmental policy in order to ensure that the development of this resource – that fuels our nation's future – continues.

For centuries, Greene, Washington and other nearby counties in southwestern Pennsylvania have been producing the resources to fire America's economic engine. Our coal has helped light cities near and far, and it has been



Wells, like this one at a Range Resource site in Washington County, Pennsylvania, represent a significant relationship between the growing energy industry and its impact on local economic development.



Pennsylvania State Senator Timothy J. Solobay, left, and Carl Carlson, Director of Government Affairs for Range Resources, discuss the relationship of energy and economic development as part of a legislative tour of Range Resources sites in Washington County, Pennsylvania.

used to produce steel that has formed the backbone of our nation. In fact, the Greene County report notes that it was the highest coal-producing county in the state.

We have ample timber stands, and our water resources have been channeled for industrial and recreational purposes. We have fields and forests teeming with game that attract sportsmen and women, and we have streams with trout and lakes with bass that have made our region a tourist destination.

Generations of families, who have long histories rooted in balanced natural resource development, populate our region. Residents of Greene, Washington and other counties in the region have managed our resources and protected our environment, because they know the dangers of ill-formed policy that would exhaust our resources and foul the environment. All of us understand the synergy between the resources, our environment and our future. If any of these are out of balance, the whole region suffers.

That's why I have been so steadfast in advocating a reasonable, responsible

approach to tax and environmental policy as it relates to shale energy development. We need strong but balanced laws to protect us from unscrupulous drillers, and a reasonable energy tax structure that provides revenues without extinguishing industry growth.

Tax plans that call for a high state rate, without being attentive to local needs, will create multiple problems in our local communities. The current shale fee not only produces revenues, which can be used to pump money into state initiatives, but it also provides for local funds and control.

To be clear, there is no one who is more strident about the need to enforce our environmental laws in a fair and balanced way in order to protect our citizens and the industry. Our economic future pivots on our ability to manage the gas energy play while we protect the environment.

Fortunately, state and local officials have developed a strong relationship with local energy companies and most energy companies abide by the industry's laws and

regulations. Relationships are important, and fostering trust between the industry and regulators is critical.

There is no question that these relationships will continue to be tested as new proposals are developed that impact the industry. Proper balance and effective management will continue to provide our region and its citizens with jobs and a new, firm and strong economic future. ▽