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Our Great Debate: Natural-Gas Drilling: Production tax helps fund DEC, keeping us safe

By Erik Miller

Four business advocacy groups have issued a joint announcement protesting a 2009-10 state budget proposal for a severance tax on oil and gas production.

The groups making this petition are the Independent Oil & Gas Association of New York, Unshackle Upstate, New York Farm Bureau and the Greater Binghamton Chamber of Commerce.

They claim that this proposal would put thousands of low-volume-producing wells out of business statewide.

The Otsego County Conservation Association finds much that is disingenuous in this statement. First of all, the current financial burden of drilling operations resides with taxpayers, not the gas industry.

We all support the work of the New York state Department of Environmental Conservation through our taxes, so we are all paying the DEC to review, permit, and inspect drilling activities because fees assessed to the gas industry are not adequate to cover these costs.

A severance tax is needed to remove this burden from the taxpayers. Municipalities have the ability to bill developers for the hiring of engineers and other experts to review proposals. If this is the case for municipalities, why can't it be the case for New York state as well?

The appeal to state lawmakers purports that if gas and oil companies fail, state and local governments will lose property taxes and workers will lose jobs.

OCCA foresees another, perhaps more pervasive, way these companies might fail. The environmentally sound execution of their drilling practices could wreak havoc on our aquifers, surface waters, and soil quality.

As Robert F. Kennedy stated in Anita Roddick's "Troubled Water," "Environmental damage is deficit spending."

History shows that industry and instances of major environmental pollution go hand in hand. Love Canal comes immediately to mind as a national symbol of industrial failure and criminal negligence in regard to public health.

Locally, we have the example of contamination from the chemicals benzene, toluene, ethyl benzene and zylene in Oneonta's Neahwa Park, where a manufactured-gas plant operated from 1880 to the early 1950s.

Although New York State Electric & Gas Corp., who owned the plant at the time of its closure, agreed to fund the removal of several thousand tons of soil tainted with coal tar at a cost of \$12 million, DEC and, to a lesser extent, the state Department of Health, must continually monitor the site _ at taxpayer expense.

"The profit-loss margin for most of the oil and natural gas producers is so thin that an additional severance tax could drive them out of business," the statement says.

But taxpayers nationwide are paying more than their share to bail out businesses from blatantly irresponsible, greedy practices. It is not up to "we the people" to compensate for poor business choices.

It is our responsibility to see that public health and safety are ensured through sound policies requiring business to be responsible for the damage it does.

The business groups also assert that the proposed tax will force layoffs, causing a "devastating" effect on our economy.

But in Otsego County, we do not have a strong petroleum engineering infrastructure, and the majority of workers in drilling operations will be transient workers.

What we need to understand more fully is that grass-roots economic opportunities bring local dollars into the local economy.

Greg Schnabel, owner of a local renewable energy business, Greasecyclers, states that, "Sustainable Business Network studies have reported "of every \$100 spent on a locally owned business, \$73 stays in the local economy, while only \$43 on every \$100 stays if money is spent on non-locally owned businesses."

How many of the gas industry dollars will remain local?

We have entered an era in which the term "fossil fuels" takes on a new meaning. These are obsolete fuels! We should be focusing on the development of green and renewable energies, not the extraction of an energy source which contributes to global warming.

The current intense interest in natural gas is the result of improved technologies.

As a compromise, why don't we consider the Marcellus shale gas as a long-term investment, letting it lie dormant until technologies have improved to the extent that they pose virtually no threat to our life-giving natural resources?

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