

Issue: PA-Economy

## Talking Points—Infrastructure Initiatives and Jobs: Can We Afford to Turn Down a Severance Tax?

Pennsylvanians strongly support investing in Pennsylvania’s infrastructure. This could:

- Make all schools safe—free of lead pipes and paint.
- Upgrade stormwater management and mitigate flooding from ever-stronger storms.
- Improve roads and bridges, bringing down the cost of transportation for people and goods.
- Expand broadband access to many of the 800,000 citizens who do not have it now and bring higher-speed access to others.
- Position Pennsylvania to be a leader in the “clean energy economy” by funding a number of energy efficiency projects and sustainable energy projects.
- Expand and revitalize Pennsylvania parks and recreation areas. Transform hundreds of thousands of abandoned buildings into revitalized homes, businesses, and farms.

The economic multiplier of infrastructure investments means \$1 invested reaps \$3 in economic growth, with even greater gains during downturns. One study stated that 29,000 jobs are created with every \$1.3 billion of infrastructure investment.

Inaction, on the other hand, will result in ever greater amounts spent on disaster recovery, which has multiplied eight times over 50 years.

Which would voters rather do: invest in infrastructure and good jobs or spend more on flood recovery and maintaining at-risk roads and bridges while many Pennsylvanians live without high-speed internet connection?

In 2019, Governor Wolf proposed Restore PA, which would invest \$4.5 billion into infrastructure projects. All Pennsylvania constituencies voiced support for this legislation, which had bipartisan support and was on the verge of passing when Republican leadership in the PA legislature pushed back. Funding for this initiative would come from bonds repaid over 20 years through a severance tax.

Pennsylvania produces roughly 80% as much natural gas as Texas does, but takes in less than 25% as much in natural gas impact fees and severance taxes, according to data from 2017 (the latest available). Pennsylvania is rich in natural resources and located near large energy markets. A severance tax will not dissuade the oil and gas industry from doing business in Pennsylvania.

Given the political pushback on severance taxes, an alternative funding source could be carbon emission fees generated by Pennsylvania’s participation in the Regional Greenhouse Gas Initiative.

Let’s take the burden of taxes off of the working people of Pennsylvania and ask the industries that benefit so much from our natural resources to do their share in paying for the infrastructure that will also benefit them.