



NEW YORK STATE SENATOR

Michael F. Nozzolio

Senator Nozzolio Blasts Governor's Oil and Natural Gas tax

MICHAEL F. NOZZOLIO March 29, 2009

Albany- State Senator Mike Nozzolio joined several of his Upstate colleagues today in blasting Governor Paterson and Democrat leaders from New York City for pushing a 5 percent tax on oil and natural gas production that would put hundreds of natural gas wells out of business across the Finger Lakes region and cripple new development that could generate up to a billion dollars of investment in Upstate economy. The tax is being negotiated in secret and without public scrutiny as part of Gov. Paterson's closed budget negotiations with Senate Majority Leader Malcolm Smith and Assembly Speaker Sheldon Silver, all New York City Democrats.

"The list of taxes and fees that will devastate the Upstate economy being developed in secret by the Governor and his fellow Democrats gets longer every day. This latest tax on natural gas wells will force many to shut down, lay off workers, and discourage future investment and exploration by the industry in our area, killing a major source of revenue for our landowners and local governments," said Senator Nozzolio. "Not only will this outrageous tax put people out of business and out of work, it will drive up local property taxes."

"Natural gas is also a viable and environmentally clean alternative to costly foreign oil. Governor Paterson's tax will also damage our efforts to become energy independent, and ultimately hurt the environment by discouraging the development of renewable energy," Senator Nozzolio added.

There are 304 existing oil and natural gas wells in Cayuga County, 180 in Seneca County, 55 in Ontario County and four in Wayne County. Tompkins County is also reported to have a significant deposit of natural gas has yet to be explored.

Currently, there is already a production tax on the existing 14,000 natural gas wells in New York which is levied through a real property tax process. The Governor's plan calls for placing an additional 5 percent tax on oil and natural gas production in the State. The natural gas tax will be another deterrent to exploration of the Marcellus Shale, which could pump millions, if not billions of investment into the state, the Senators said. Recent technological advances have allowed access to indigenous gas resources in the shallow Marcellus Shale. The entire Marcellus Shale formation, from the West Virginia to New York's Catskills, is estimated to contain 168 to 516 trillion cubic feet of natural gas. Ten to 20 percent of this natural resource lies within New York's borders.