



**Tompkins County Legislature**

320 North Tioga Street  
Ithaca, NY 14850

Meeting: 05/15/12 05:30 PM  
Department: Tompkins County Legislature  
Category: Environmental  
Functional Category:

**ADOPTED**

**RESOLUTION NO. 2012-85**

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**Resolution Urging New York State to Develop a Blend of Revenue Streams from and Other Taxation of Natural Gas Extraction and to Establish an Accurate, Transparent, and Verifiable Method of Measuring and Reporting Shale Gas Production**

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 proposed high-volume horizontal hydraulic fracturing (HVHFF) extraction of natural gas and will incur further expenses such as repair of roads, higher social service costs, emergency services, etc., when this industrial process begins in New York and before any ad valorem revenue is received, and

WHEREAS, Tompkins County has already spent a substantial amount of financial and staffing resources in general preparation for the advent of HVHFF drilling as well as passing legislation in order to protect the well-being of residents, the roads and the natural resources within the County and with assisting the County's municipalities to do so as well, and

WHEREAS, an ad valorem tax on production is the only revenue source available for local governments to offset the cost of incorporating the gas extraction industry into its community, and

WHEREAS, an ad valorem tax on production is not a revenue source for a municipality that is 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 the 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 (which is after the well pad constructed, well drilled and pipelines connected) and the year the local government will receive revenues, which means that under the current system taxpayers 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 thus 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 the 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 then multiplied by the self-reported gas production to arrive at the assessed value of given well, and

WHEREAS, there is no independent oversight of the accuracy of gas meters, meter installation, and meter reading of extracted natural gas (self-reporting by the energy companies) and this lack of oversight is an affront to the assessment process used for all other taxable properties within our County, now therefore be it

