

Berks Gas Truth

Taxing the Drillers Factsheet

At Issue

Governor Corbett claims that “gas drilling companies in the Commonwealth are subject to the same taxes as all businesses. This includes our 6% state sales tax and our corporate income tax which, at 9.99%, is the highest in the nation.” According to a report from the Pennsylvania Budget and Policy Center from April 2011, entitled *Representation without Taxation: How Natural Gas Producers Escape Taxes in Pennsylvania*, “Natural gas drillers in Pennsylvania pay very little in state and local taxes, despite industry claims to the contrary.”

- **Corporate Net Income Tax -**
The report cites 2008 tax data when 783 oil and gas companies filed returns, but only 15% owed any tax thanks to the Delaware Loophole that allows companies to shift profits out of state.
- **Sales Tax –**
“Supplies and equipment directly used in manufacturing, including oil and gas production, are exempted from the state sales tax. This means that fracking chemicals, drilling equipment, pipes used to convey gas to processing plants, testing equipment, and pollution control devices are all tax free in Pennsylvania.”
- **State Income Taxes –**
Many companies, including 9 out of the 10 top permit holders, avoid the Corporate Net Income Tax altogether and pay the much lower personal income tax.
- **Hotel Taxes –**
State and local hotel taxes are waived on all those rooms rented long-term by the imported workers from Texas, Oklahoma, and elsewhere.