Control Issues: Two Case Studies from Pennsylvania's Shale Development

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A profusion of municipal boundary lines complicates the state map

Source: U.S. Census Bureau, Center for Rural Pennsylvania

2,563
The majority opinion states that requiring municipalities to change their zoning rules in a way that would conflict with their development plans should not be allowed "because it does not protect the interests of neighboring property owners from harm, alters the character of neighborhoods and makes irrational classifications -- irrational because it requires municipalities to allow all zones, drilling operations and impoundments, gas compressor stations, storage and use of explosives in all zoning districts, and applies industrial criteria to restrictions on height of structures, screening and fencing, lighting and noise."

"Court throws out state zoning for Marcellus Shale drilling"
by Laura Olson / Post-Gazette
July 26, 2012
Steam cracker plant, Saudi Arabia
Potter Township, PA
Population: 600
In Potter Township

Shell: No taxes for 22 years, saving more than $1 billion

Local school district: Loss of $275,000 per year in property taxes

Township: Loss of $40,000 per year --- or 7 percent of the annual budget
Royal Dutch Shell has proposed a payment plan to Beaver County officials that will allow local entities to collect revenue from the company even if it builds a billion-dollar petrochemical facility on land that the state has ruled is exempt from taxes for 22 years.

Shell's proposed plan to build a massive ethane cracker facility in Potter threatened to deprive the township and school district of revenue, funding that would disappear when the land housing the facility became exempt from state and local taxes.

Under a proposal announced Monday, Shell would pay 110 percent of the amount currently generated in property tax revenue at the site by Horsehead Corp., which manages zinc smelting operations there. That 110 percent translates to about $300,000 for the school district and $44,000 for the township per year. Under state law, those amounts would remain static for the 22 years of Shell's tax exemption.
The New Plan

Shell: Will pay 110 percent of the amount currently generated in property taxes by the existing zinc plant

Local school district: $300,000 per year for 22 years (+$25,000)

Township: $44,000 per year for 22 years (+$4,000)
FROM THE DIRECTOR OF 'GOOD WILL HUNTING' 

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