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## Why did Shell pick Pa. for its cracker plant?

March 15, 2012 by Ken Ward Jr.



[Today's announcement by Shell Chemical that it has picked a site in western Pennsylvania](#) for further "ev" proposed natural gas "cracker" plant is already drawing criticism for West Virginia Gov. Earl Ray Tomblin. Recall that Gov. Tomblin made luring this facility to West Virginia a top priority in his [State of the State address](#) earlier this year:

*Of course, one of the biggest potential benefits of the Marcellus Shale development is the opportunity to re-manufacturing in our state. One ethane cracker, by itself, would mean a multi-billion dollar, multi-year investment in West Virginia with thousands of construction jobs and hundreds of good paying permanent jobs ... And let me be clear about my intentions. I will do everything in my power to make sure that West Virginia is positioned to take full advantage of this opportunity. I will not limit our efforts to just one project or even two. We will compete for every project – every investment and every new job that relies on the natural resources with which we have been so blessed.*

Of course, the governor has [inflated the potential impacts of this project](#), while pushing lawmakers [to rush through legislative a huge tax break](#) if it picked West Virginia for its cracker.

Here's what Shell had to say about how it made its decision to pick the Pennsylvania site over locations in West Virginia:

*Shell looked at various factors to select the preferred site, including good access to liquids rich natural gas reservoirs, road and rail transportation infrastructure, power grids, economics, and sufficient acreage to accommodate facilities, scale petrochemical complex and potential future expansions.*

Nothing in there about lawsuit abuse, greedy plaintiff lawyers, stringent environmental regulations or overly demanding unions. huh?

Ted Boettner and the other good folks at the [West Virginia Center for Budget and Policy](#) follow state economic development and tax policy pretty closely. I asked Ted what he made of Shell's decision and here's what he said:

*West Virginia offered an almost tax free climate to Shell, but the state fell short. This tells us that the state's business climate had very little to do with Shell's decision to locate in Pennsylvania. Businesses locate where they can recruit a workforce, and a good quality of life. Taxes are usually a very small part in the decision process because they represent a tiny part of the cost of doing business. This is especially true of capital intensive industries, which tend to have disproportionately low tax rates because of tax deductions.*

Ted added:

*Our biggest policy failure is not making West Virginia a more attractive place to live, work, and raise a family. That means investing in our people, universities, parks, infrastructure, and other public structures. Without a well trained and educated workforce, it is hard to compete in a global economy. We have the smallest share of workers with a post secondary education in the country. This should be our focus, not engaging in a race to the bottom on who can have the low taxes, bad regulations, and a poorer quality of life.*

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