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Patton, Hanauer, Ward and Boettner: Gas states unite!

CHARLESTON, W.Va. -- Hydraulic fracturing of oil and natural gas has generated heated debate in Ohio, West Virginia and Pennsylvania, three of the states that sit above the Marcellus and Utica Shale formations.

Like the workers who constitute the bulk of the drilling workforce, hydrofracking has migrated, from sparsely populated places in Wyoming, New Mexico, Texas and Canada, to the East. Four years into the boom it's become clear how poorly we understand the possible impacts on workers, communities and families.

Fracking has revived hope for many in our region for an industrial phoenix. Across the three states, gas and oil deposits generally sit beneath communities that have struggled economically, and proponents promise important economic gains: New investment, windfalls to farmers and land-owners, and, most importantly, jobs. There will be jobs doing the drilling; value-added jobs processing the "wet gas" into byproducts like plastic; manufacturing jobs producing equipment for extraction and transmission and jobs supplying the materials and services required by robust industrial development.

Residents have learned that the economic benefits are often less than promised and come at a high price. Pennsylvanians have experienced firsthand the tricks of the "land men" who negotiate leases with landowners, the continual air emissions from rigs and compressor stations, water with high gas content, and the contaminated wells. In West Virginia there are reports of sunken roads, algae kills, and intersexed fish. A flurry of earthquakes prompted calls for a moratorium in Ohio.

Fracking is not just a state issue, as geological faults, rivers and wind transcend political boundaries. When Pennsylvania tightened rules on disposal of fracking fluid at municipal water treatment facilities, the fluid was shipped to Ohio. Drilling in the Delaware River has the potential to affect drinking water of 15 million people in four states. The perils associated with the gas drilling boom in Pennsylvania have garnered considerable attention across the border in New York, and that experience is being assessed as part of the deluge of public comments submitted to New York's environmental agency as that state considers whether to permit drilling. And the policy decisions about fracking in New York, Pennsylvania, West Virginia and Ohio have potential to affect not only these states, but further across the East Coast and Mid-West.

Each of our three organizations is working to ensure that in the future, hydrofracking causes the least harm and the greatest long-term economic benefit to the citizens of our states. Drillers should be adequately taxed to support public investments in education and health care. Strong environmental regulation should be in place as soon as possible. All costs -- in particular the costs of environmental contamination, should be internalized by drillers. Good, safe jobs should be created and maintained. Workers, families, communities and the region must be strengthened, not threatened because of this boom.

Instead, each of our states has approached this as a competition in which we have to fight for the spoils. In this competition our states are willing to bargain away environmental safety, tax revenue, basic job security and healthy communities, the very things that we have entrusted our officials to protect.

A good example is the fiscal battle to lure a Shell Oil petrochemical processing plant to our separate sides of the Ohio River. Ohio, which cut school funding by $1.8 billion in the current state budget, reportedly offered $1.4 billion in subsidies for the plant. Gov. John Kasich flew to Texas to make the bid. West Virginia's Gov. Earl Ray Tomblin also recently made the trip to Texas, after offering Shell a 25-year property tax abatement valued at more than $300 million. Pennsylvania, which faces a mid-year budget shortfall of three quarters of a billion dollars, is said to have offered a 15-year property tax abatement on the $2 billion plant.

Pennsylvania recently enacted a "fee" on gas drillers that has a lower effective tax rate than a proposal advanced by the industry. Acting from fear rather than strength, policymakers were prey to the competitive game, whipped up by the companies as a bargaining strategy.

This type of competition between the states hurts long-term prospects for harnessing this development for the well-being of the residents. Industries of the past were expected to contribute to the tax base. Today the expectation is reversed, and policymakers and corporate leaders hold fast to the idea that tax dollars must be given away to lure the investments.

Mineral extraction is particularly well-known for building narrow wealth that benefits few rather than broad prosperity that benefits many. The reality over a hundred years and across continents it that a natural resource boom is often a "natural resource curse," in which powerful firms bring great wealth through enormous economic activity to the very few, exhaust the resource and communities' infrastructure in very poor areas, and then leave.

Our states' economic recovery requires long-term strategies that protect basic rights like clean water and air, that provide dependable public funding for public goods like elementary schools and that engender sufficient private financing seeking realistic rates of return for business ventures. We need such strategies in all of our states. We are in this together. We need to place individuals, families and communities at the core of economic policy, instead of off to the side as chips to be bargained away.

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