$67M Tax Break For Proposed Pa. Refinery

Peter Jackson, Associated Press

HARRISBURG, Pa. (AP) — Gov. Tom Corbett, who has been criticized for cutting state spending for schools and social services, is advocating future tax credits worth $67 million a year for a petrochemical refinery planned by Shell Oil Co. in western Pennsylvania to capitalize on booming natural-gas drilling in the Marcellus Shale region.

Corbett has not publicly discussed the proposed tax break, but Senate President Pro Tempore Joe Scarnati's top aide Monday confirmed the information first reported by the online news service Capitolwire.

The aide, Drew Crompton, said lawmakers will demand assurances that the plant will be built in Pennsylvania and that promises of 10,000 to 20,000 jobs will materialize. The bill is expected to be introduced in the Senate this week, he said.

"The Corbett administration needs to sell this and, if they can make a compelling case that the amount of jobs proposed is accurate, I think some people (in the Senate) are going to be sympathetic to the credit," said Crompton, who is chief of staff for Scarnati, R-Jefferson.

The credits would not become available until 2017 but Corbett is seeking action now apparently to demonstrate the state's commitment to sharing the costs of the multibillion-dollar project. The credits would have an aggregate value of nearly $1.7 billion over the 25 years that they would remain in place.

Shell already stands to receive 15 years of tax cuts and exemptions under a bill Corbett signed earlier this year to designate the cracker-plant site as an expanded Keystone Opportunity Zone.

It was unclear how the proposed new tax credits would benefit Shell, although Crompton said it could sell all or the unused portion of the credits to another company or companies that have a Pennsylvania tax liability.

Corbett's spokesman did not immediately return a call seeking comment Monday morning.

Pennsylvania competed with Ohio and West Virginia for the planned ethane-cracking plant and all three states included tax breaks in their proposals.

Shell announced in March that it had picked a site near Monaca, about 35 miles northwest of Pittsburgh and signed a land-option agreement so it can further evaluate the site.

The "cracker" facility would convert ethane from natural gas produced in the

Marcellus Shale region into more profitable chemicals such as ethylene, which is used in making products including plastics and tires. Shell has said it could spend billions of dollars on the project, which is expected to draw other companies to the area, although actual construction is still years away.

Shell, a subsidiary of Netherlands-based oil and gas giant Royal Dutch Shell PLC, did not immediately return a call about the tax credits Monday.

Corbett, a Republican elected on a no-new-taxes pledge, has blamed sluggish state revenues and the rising cost of pensions and health care for the poor for an array of spending cuts in his $27.1 billion budget plan that also would reduce business taxes for the year that starts July 1.

Last month, citing better-than-expected tax collections, senators approved a $27.7 billion alternative plan that would increase the subsidies Corbett proposed for universities, public schools, county-run social services, the race horse industry, medical research, retailers that collect sales taxes and hospitals and nursing homes that care for the poor.

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