

Fracking in Carroll County, Ohio

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Shale industry development is shifting the economy, environment and culture of communities like Carroll County, Ohio. Drilling is supporting local businesses, gas stations, hotels and farms. It brings revenue to landowners and some jobs. The story, however, is complicated. Whether it ultimately helps or hurts will be determined by whether money stays in the community, who gets jobs, whether the gas is refined locally, whether local businesses provide services, and what the costs are.

Leases: Signing bonuses for landowners ranging from \$5 to \$5,800 per acre plus royalties temporarily boosted spending, particularly to upgrade equipment, properties, and vehicles. Retail trade in vehicles and parts increased 16.5 percent from 2011 to 2012. Landowners, dismayed by poor lease deals, jointly hired an oil and gas industry lawyer to represent them in negotiations.

Employment: Jobs have been added in Carroll County, but far fewer than promised. Unemployment fell to 8.3 percent from a recessionary 14 percent, but remains higher than pre-recession levels (5.8 percent in July 2007). Statewide, there are fewer than 3,000 shale-related jobs, less than one-tenth of 1 percent of total Ohio jobs. These numbers do not distinguish between jobs to local and out-of-state workers. Companies are largely bringing in out-of-staters, with local workers concentrated in truck driving, delivery, rental, cleaning, restaurant work, laundry, grocery delivery, and rental services.

Buying local: Oil and gas companies buy some supplies locally. Workers are buying vehicles, equipment, truck parts, and services, and going to local bars and restaurants. Sales tax receipts in Carroll County increased 31 percent from 2011 to 2012, especially in mining, auto sales, real estate, accommodation, food services and gas stations.

Housing: Out-of-state workers create demand for temporary housing. The hotel in Carrollton has been solidly booked for two years, there are plans to build a new hotel, campgrounds are full, and the rental market has been stimulated. For owners, this means increased rental income. Retail trade for building materials and garden equipment increased 28 percent from 2011 to 2012. But spiking rents often exceed what local residents can afford.

Traffic: Hundreds of heavy trucks carry gravel, equipment, water, chemicals, sand, and waste, creating congestion, maintenance costs, accidents and emergency service costs. Congestion creates a problem for police, road workers, emergency personnel, snow removal trucks and school buses. One accident killed a trucker and a community member, and the higher rate of accidents has quadrupled calls and doubled incidents for the sheriff.

Wastewater: Fracking fluid contains sand and chemicals, some toxic. Ohio allows some fracking waste to be dumped in landfills, creating potential downstream pollution. In 2012, 14.2 million barrels of fracking waste were injected in Ohio's nearly 200 disposal wells, more than half from

states with better regulation, like Pennsylvania and West Virginia. The group Carroll Concerned Citizens worries that fluids could contaminate drinking water. In nearby Youngstown, a man was indicted for dumping 20,000 gallons of fracking waste into the Mahoning River.

Worker safety: Industry jobs are difficult, dangerous, involve long hours and often come without insurance. Shale jobs have come with an increase in fatalities. Nationally, oil and gas fatalities hit a record high in 2012, increasing 23 percent from 2011. Deaths came from transportation incidents, blunt objects, fires and explosions. In Carroll County, people have been killed in car accidents and by on-site drilling. Uninsured workers and their families often seek uncompensated care from hospitals.

Health and environment: In Trumbull County's Weathersfield Township, Halcon Energy flared a gas well for two weeks near a residential neighborhood. The flame created a bright light all night, made noise at a decibel level similar to a tornado warning, and emitted noxious fumes. Development affects the ecosystem. Six slurry spills in the first quarter of 2013 smothered plant life and caused "significant degradation" of wetlands. Fracking and wastewater injection have caused earthquakes.

Future: Lack of clarity about what to expect makes it difficult for officials and businesses to plan. One impediment to housing and business development is limited access to central sewer and water infrastructure. The county is studying expansion but if the shale boom does not happen as anticipated, the cost of expanding infrastructure will be borne by existing users.

Jobs and training: Although unions say they have qualified local apprentices who could do the work, the industry often hires from out of state. Schools and colleges are adding capacity. The Superintendent of Carrollton Village School District wants to build a high school Energy Resource Academy and Stark State, roughly 35 miles away, is developing an industry-tailored associate degree and certification program. The Ohio Department of Job and Family Services in Carroll County is helping with certifications for truck driving and other jobs. Recent cuts in Workforce Investment Act (WIA) funds make it difficult for the local agency to meet needs.

Government revenues: Increased economic activity generates revenue from sales taxes (\$2.55 million in 2012 from \$1.67 million in 2009), recording deeds, mortgages, leases, and fuel taxes. Last year, the county had a surplus, enabling a much overdue salary increase and better funding of increased dispatch services to meet shale-related needs. Local governments can benefit: the Carrollton school district, for instance, received a one-time signing bonus of \$400,000. The county used proceeds from to renovate the courthouse.

Recommendations: The economic benefits of fracking fall far short of what was promised and come with costs to safety, the environment and the community. Ohio should increase its severance tax to 5 percent and use proceeds to maximize benefits and minimize costs. The tax should be used first for industry oversight and regulation and for covering community costs. The full report recommends:

- Putting in place additional taxation for a permanent fund;
- Forming local taskforces to identify issues, consider solutions, and open dialogue in the community;
- Monitoring, by the state, of water quality and other environmental health issues;
- Prohibiting of flaring and new pollution control requirements; and
- Strengthening policies to require local hiring and provision of health insurance.