

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 862 Session of 2011

INTRODUCED BY PASHINSKI, DEASY, BISHOP, BRIGGS, CALTAGIRONE, COHEN, DAVIS, DeLUCA, FABRIZIO, GOODMAN, HALUSKA, HARKINS, HORNAMAN, JOHNSON, JOSEPHS, W. KELLER, KORTZ, MAHONEY, METZGAR, MULLERY, MUNDY, MURPHY, MURT, M. O'BRIEN, PAYTON, PRESTON, SANTARSIERO, K. SMITH, STABACK, WAGNER AND YOUNGBLOOD, MARCH 1, 2011

REFERRED TO COMMITTEE ON COMMERCE, MARCH 1, 2011

AN ACT

1 Amending the act of October 6, 1998 (P.L.705, No.92), entitled,  
2 as amended, "An act providing for the creation of keystone  
3 opportunity zones and keystone opportunity expansion zones to  
4 foster economic opportunities in this Commonwealth, to  
5 facilitate economic development, stimulate industrial,  
6 commercial and residential improvements and prevent physical  
7 and infrastructure deterioration of geographic areas within  
8 this Commonwealth; authorizing expenditures; providing tax  
9 exemptions, tax deductions, tax abatements and tax credits;  
10 creating additional obligations of the Commonwealth and local  
11 governmental units; and prescribing powers and duties of  
12 certain State and local departments, agencies and officials,"  
13 providing for applicability of Marcellus Shale drilling  
14 companies.

15 The General Assembly of the Commonwealth of Pennsylvania  
16 hereby enacts as follows:

17 Section 1. The act of October 6, 1998 (P.L.705, No.92),  
18 known as the Keystone Opportunity Zone, Keystone Opportunity  
19 Expansion Zone and Keystone Opportunity Improvement Zone Act, is  
20 amended by adding a section to read:

21 Section 312. Applicability of Marcellus Shale drilling  
22 companies.

1 (a) Employment requirements.--The following shall apply:

2 (1) Any natural gas drilling company shall only receive  
3 tax exemptions, deductions, abatelements and credits provided  
4 under this act for year one if its Pennsylvania work force is  
5 comprised of at least 25% residents.

6 (2) To be eligible to receive the benefits provided  
7 under this act for year two, the percentage of residents that  
8 comprise the Pennsylvania work force of the natural gas  
9 drilling company must increase to at least 50%.

10 (3) To be eligible to receive the benefits provided  
11 under this act for year three and all subsequent years, the  
12 natural gas drilling company's Pennsylvania work force must  
13 be comprised of at least 75% residents.

14 (b) Penalties.--The following penalties shall apply:

15 (1) A natural gas drilling company that fails to  
16 maintain the resident employment levels for three years after  
17 the receipt of exemptions, deductions, abatelements or credits  
18 provided by this act will be required to refund to the  
19 Commonwealth the total amount of exemptions, deductions,  
20 abatelements or credits granted.

21 (2) The department may waive the penalties outlined in  
22 paragraph (1) if it is determined that a natural gas drilling  
23 company's resident employment levels were not maintained  
24 because of circumstances beyond the company's control. Such  
25 circumstances include natural disasters or unforeseen  
26 industry trends.

27 (c) Definitions.--As used in this section, the following  
28 words and phrases shall have the meanings given to them in this  
29 subsection unless the context clearly indicates otherwise:

30 "Natural gas drilling company." A person, company or

1 subsidiary company that engages or continues within this  
2 Commonwealth in the business of severing natural gas for sale,  
3 profit or commercial use. The term does not include a person who  
4 severs natural gas from a storage field.

5 "Resident." Any natural person who is considered a resident  
6 under the act of March 4, 1971 (P.L.6, No.2), known as the Tax  
7 Reform Code of 1971.

8 "Year one." A one-year period immediately following the  
9 natural gas drilling company's approved application for tax  
10 exemptions, deductions, abatements and credits provided under  
11 this act.

12 "Year two." A one-year period immediately following the end  
13 of year one.

14 "Year three." A one-year period immediately following the  
15 end of year two.

16 Section 2. This act shall take effect in 60 days.