



HOUSE COMMITTEE ON APPROPRIATIONS
2009-10 Legislative Session

FISCAL NOTE

HOUSE BILL: 1489

PRINTER'S NO: 2241

PRIME SPONSOR: George

FISCAL IMPACT SUMMARY	FY 2009/10	FY 2010/11
Expenditure Increase/(Decrease):		
Commonwealth and Local Government Funds	\$0	\$0
Revenue Increase/(Decrease):		
Commonwealth and Local Government Funds	\$80,100,000	\$179,600,000

OVERVIEW:

House Bill 1489 would levy a severance tax on all producers of natural gas in the Commonwealth at a rate of 5% of the gross value of units severed at the wellhead plus 4.7 cents per 1,000 cubic feet, except for those wells producing less than 60,000 cubic feet per day.

This bill would take effect October 1, 2009.

ANALYSIS:

Section 1527 of this bill establishes the Natural Gas Severance Tax Fund. The proceeds of this tax (after refunds and administration costs have been paid) shall be distributed as follows:

- 60 % to the General fund.
- 3% to the (LIHEAP) Low-Income Home Energy Assistance Program.
- 15% to the Environmental Stewardship Fund (Growing Greener).
- 4% to the Hazardous Sites Cleanup Fund.
- 5% to the Liquid Fuels Tax Fund for the reconstruction, maintenance and repair of roadways and bridges, distributed equally among all 67 counties.
- 4.5% to municipalities hosting natural gas sites subject to the severance tax.
- 4.5% to host county governments.
- 2% to the PA Game Commission.
- 2% to the PA Fish and Boat Commission.

The revenue estimates in the table above are based on data provided by the Governor's Budget Office as of August 19, 2009. The estimate for FY 2009-10 assumes an effective date of November 1, 2009. It should be noted that the effective date stated in the bill is October 1, 2009; however implementation of a new tax within less than 30 days is not a realistic assumption.

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House Appropriations Committee, (D)

DATE: September 30, 2009

General Note and Disclaimer: *This Fiscal Note was prepared pursuant to House Rule 19(a), and the elements considered and reported above are required by Section 5 of the rule. Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*