HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 621 **PRINTERS NO**. 721 **PRIME SPONSOR**: Major

COST / (SAVINGS)

FUND	FY 2014/15	FY 2015/16
General Fund	**$0**	**$0**
County Funds	**$0**	**See "Fiscal Impact"**

SUMMARY: Provides for requirements of the recordation of oil and gas documents for county recorders of deeds. This legislation would take effect in 60 days.

ANALYSIS: This legislation amends the Indexes of Deeds Act of 1875 by adding a Section 1.1 to the Act to provide guidance relating to the recording and indexing of oil and gas documents presented to recorders of deeds for filing.

In addition to any other provision of law, the recorder of deeds shall index in the direct and ad sectam indexes all oil or gas documents presented for recording according to:

- The name of each party to the oil or gas document.
- The name of each lessor listed in the addendum.

A recorder of deeds, at his sole discretion, may refuse to accept an oil or gas document containing or incorporating by reference or by exhibit or by other means more than 50 leases. An oil or gas document containing, or referring to by incorporation, multiple leases, shall include an addendum for the purposes of the indexing. The addendum shall list each lease contained in the document or incorporated by reference or exhibit or by other means by and shall clearly identify for each lease:

- The names of the lessor or lessors.
- The prior recording information for the leasehold interest.
- The property with which each lease is associated, identified by:
    - the name of the municpality in which all or part of the property is located, in a county that has not adopted a uniform parcel identifier system under the act of January 15, 1988 (P.L.1, No.1), known as the Uniform Parcel Identifier Law; or
    - the uniform parcel identifier number of the property, in a county that has adopted a uniform parcel identifier system under the Uniform Parcel Identifier Law.

In addition to any other fee authorized by law, for an oil or gas document, the recorder of deeds in a county that has not adopted a uniform parcel identifier system under the Uniform Parcel Identifier Law, may assess a fee of $6 for each lease described, for which the lessor must be indexed. If an oil or gas document contains, or refers to by incorporation, multiple leases, the recorder of deeds, in a county that has adopted the uniform parcel identifier system under the Uniform Parcel Identifier Law, must index the lessor, but may not assess the $6 fee. The recorder may assess such other fees as authorized under law, including a fee, if adopted, to certify each uniform parcel number.

The legislation provides that the purpose of Section 1.1 is to provide greater access for the public to information regarding oil and gas documents. The legislation also provides for the following:

- Section 1.1 shall apply to oil or gas documents presented for recording after the effective date of this section.
- Nothing in this section shall be construed to limit or alter any requirement of law regarding the recording of documents other than oil or gas documents.
- If an oil or gas document meets the requirements of this section and all other statutes providing recording requirements, the document shall be recorded. Nothing in this section shall be construed to confer upon a recorder of deeds additional authority to reject the document, provided that it is accompanied by an amount at least equal to the required recording fees.
- Nothing in this section shall affect in any manner the validity and enforceability of liens, mortgages or deeds of trust in oil and gas property.
- This section shall not apply to or affect in any manner the provisions of 13 Pa.C.S. Division 9 (relating to secured transactions), including the provisions of Division 9 relating to as-extracted collateral, the proceeds of as-extracted collateral or fixtures used in oil and gas exploration, extraction or production.
- Subsection (c) shall not be construed to confer a recorder of deeds with the responsibility or the authority to verify the accuracy of the information required in the addendum.

FISCAL IMPACT: This legislation would have no adverse fiscal impact on Commonwealth funds. According to the Pennsylvania Recorder of Deeds Association, for counties in which fees of this nature were disputed by the recording public, the law provides clarification by providing for a $6 recording fee for each lease for which all the lessors are indexed; however, for some counties that had previous informal arrangements with the oil and gas industry as to how oil and gas lease assignments of multiple leases were recorded and fees paid may experience a marginally declining fee stream on this type of recording only. This legislation will have no adverse fiscal impact on counties that use a uniform parcel identifier system as they will continue to collect the uniform parcel identifier fee.

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House Appropriations Committee (R)

DATE: May 12, 2015

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.