

# SENATE APPROPRIATIONS COMMITTEE

## FISCAL NOTE

**BILL NO.**

Senate Bill 298

**PRINTER'S NO.**

1624

**AMOUNT**

No Fiscal Impact

**FUND**

General Fund

**DATE INTRODUCED**

March 5, 2009

**PRIME SPONSOR**

Senator Yaw

**HISTORY OF BILL**

Referred to AGRICULTURE AND RURAL AFFAIRS, March 5, 2009

Reported as amended, June 9, 2009

First consideration, June 9, 2009

Re-referred to APPROPRIATIONS, June 22, 2009

Re-reported as amended, Jan. 26, 2010

**DESCRIPTION AND PURPOSE OF BILL**

Senate Bill 298 amends the Pennsylvania Farmland and Forestland Assessment Act (Clean and Green) to address roll-back tax consequences if land under preferential assessment is leased for the exploration or removal of coal bed methane; wind power generation systems; temporary pipe storage facilities; non-coal surface mining activities; and utilized for the development and operation of alternative energy systems for farm use.

**Coal Bed Methane (Marcellus Shale)**

The bill provides for roll-back taxes to be imposed upon portions of the land devoted to exploration and removal activities, excluding land devoted only to sub-surface transmission or gathering lines, as measured upon completion of drilling. If mineral rights are severed from the surface land owner prior to enrollment in preferential assessment and prior to the effective date of the act, the surface landowner shall not owe roll-back taxes for exploration or removal of oil and gas and coal bed methane activities conducted by the mineral rights owner.

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### **Wind Generation Systems**

The bill provides that a property subject to preferential assessment could be leased for wind power generation systems. Roll-back taxes will apply only to the land devoted to a wind power generation system and appurtenant structures.

### **Temporary Pipe Storage Facilities**

Property subject to preferential assessment may be leased temporarily for pipe storage. Only one lease is permitted per owner for a duration of two years and the property must be restored to its original use.

### **Alternative Energy for Farm Use**

Development and operation of a Tier I alternative energy generation system on any land use category of Clean and Green land will continue to qualify for preferential assessment, more than half of the energy annually generated is used on the land for production of an agricultural commodity or for buildings on the farmstead land. Tier I energy sources are those defined in the Alternative Energy Portfolio Standards Act. They include: 1) solar photovoltaic and solar thermal energy; 2) wind power; 3) low-impact hydropower; 4) geothermal energy; 5) biologically derived methane gas; 6) fuel cells; 7) biomass energy; and, 8) coal mine methane.

### **Noncoal Surface Mining**

If certain mining activities are conducted on enrolled land, roll-back taxes are due only on the portion of the enrolled tract that is subject to a permit for small non-coal surface mining under the Non-coal Surface Mining and Reclamation Act. A small non-coal surface mining permit limits the permit area to no more than five acres and extraction of no more than 10,000 tons of non-coal minerals per year. The value of this portion will be adjusted to reflect fair market value and such use will not invalidate the preferential assessment status of the remainder of the property that continues to be eligible. Only one small non-coal surface mining permit may be active per Clean and Green parcel.

### **Voluntary Opt-out of Clean and Green**

The bill provides a mechanism to voluntarily remove land from preferential assessment upon payment of any due roll-back taxes.

The bill is scheduled to take effect in 60 days.

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### **FISCAL IMPACT:**

The enactment of Senate Bill 298 will have no adverse fiscal impact on Commonwealth funds. By eliminating the roll-back tax consequences to land owners enrolled in the Clean and Green, the Commonwealth may generate additional revenue from increased coal bed methane exploration and drilling and alternative energy activities.