
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 415 Session of
2015

INTRODUCED BY HAYWOOD, HUGHES, KITCHEN, FARNESE, SCHWANK,
TARTAGLIONE AND LEACH, APRIL 6, 2015

REFERRED TO ENVIRONMENTAL RESOURCES AND ENERGY, APRIL 6, 2015

AN ACT

1 Amending Title 58 (Oil and Gas) of the Pennsylvania Consolidated
2 Statutes, in unconventional gas well fee, deleting expiration
3 provision; providing for the taxation of natural gas
4 extraction in Pennsylvania; establishing the Shale for Our
5 Future Fund; and providing for use of revenues.

6 The General Assembly of the Commonwealth of Pennsylvania
7 hereby enacts as follows:

8 Section 1. Section 2318 of Title 58 of the Pennsylvania
9 Consolidated Statutes is repealed:

10 [§ 2318. Expiration.

11 (a) Notice.--The Secretary of the Commonwealth shall, upon
12 the imposition of a severance tax on unconventional gas wells in
13 this Commonwealth, submit for publication in the Pennsylvania
14 Bulletin notice of the imposition.

15 (b) Date.--This chapter shall expire on the date of the
16 publication of the notice under subsection (a).]

17 Section 2. Title 58 is amended by adding a part to read:

18 PART IV

19 TAXATION

1 Chapter

2 51. Natural Gas Severance Tax

3 CHAPTER 51

4 NATURAL GAS SEVERANCE TAX

5 Sec.

6 5101. Definitions.

7 5102. Imposition of tax.

8 5103. Return and payment.

9 5104. Use of funds.

10 § 5101. Definitions.

11 The following words and phrases when used in this chapter
12 shall have the meanings given to them in this section unless the
13 context clearly indicates otherwise:

14 "Department." The Department of Revenue of the Commonwealth.

15 "Fund." The Shale for Our Future Fund established in section
16 5103(d) (relating to return and payment).

17 "Natural gas." A fossil fuel consisting of a mixture of
18 hydrocarbon gases, primarily methane, possibly including ethane,
19 propane, butane, pentane, carbon dioxide, oxygen, nitrogen and
20 hydrogen sulfide and other gas species. The term includes
21 natural gas from oil fields known as associated gas or casing
22 head gas, natural gas fields known as nonassociated gas, coal
23 beds, shale beds and other formations. The term does not include
24 coal bed methane.

25 "Producer." A person who engages or continues within this
26 Commonwealth in the business of severing natural gas for sale,
27 profit or commercial use. The term does not include a person who
28 severs natural gas from a storage field.

29 "Producing site." A point of severance capable of producing
30 natural gas in paying quantities.

1 "Reporting period." A calendar month in which natural gas is
2 severed.

3 "Sever." To extract or otherwise remove natural gas from the
4 soil or water of this Commonwealth.

5 "Severance." The extraction or other removal of natural gas
6 from the soil or water of this Commonwealth.

7 "Severing." Extracting or otherwise removing natural gas
8 from the soil or water of this Commonwealth.

9 "Tax." The natural gas severance tax imposed under section
10 5102 (relating to imposition of tax).

11 "Unit." A thousand cubic feet of natural gas measured at the
12 wellhead at a temperature of 60 degrees Fahrenheit and an
13 absolute pressure of 14.73 pounds per square inch in accordance
14 with American Gas Association Standards and according to Boyle's
15 law for the measurement of gas under varying pressures with
16 deviations as follows:

17 (1) The average absolute atmospheric pressure shall be
18 assumed to be 14.4 pounds to the square inch, regardless of
19 elevation or location of point of delivery above sea level or
20 variations in atmospheric pressure from time to time.

21 (2) The temperature of the gas passing the meters shall
22 be determined by the continuous use of a recording
23 thermometer installed to properly record the temperature of
24 gas flowing through the meters. The arithmetic average of the
25 temperature recorded each 24-hour day shall be used in
26 computing gas volumes. If a recording thermometer is not
27 installed, or is installed and not operating properly, an
28 average flowing temperature of 60 degrees Fahrenheit shall be
29 used in computing gas volume.

30 (3) The specific gravity of the gas shall be determined

1 annually by tests made by the use of an Edwards or Acme
2 gravity balance or at intervals as found necessary in
3 practice. Specific gravity determinations shall be used in
4 computing gas volumes.

5 (4) The deviation of the natural gas from Boyle's law
6 shall be determined by annual tests or at other shorter
7 intervals as found necessary in practice. The apparatus and
8 method used in making the test shall be in accordance with
9 recommendations of the National Bureau of Standards or Report
10 No. 3 of the Gas Measurement Committee of the American Gas
11 Association or amendments to the recommendations or report.
12 The results of the tests shall be used in computing the
13 volume of gas delivered under this chapter.

14 § 5102. Imposition of tax.

15 (a) Establishment.--Beginning July 1, 2015, a natural gas
16 severance tax shall be levied on every producer.

17 (b) Rate.--The tax shall be imposed at the rate of 8% of the
18 gross value of the units severed at the wellhead during a
19 reporting period.

20 § 5103. Return and payment.

21 (a) Requirement.--Each producer shall file a return with the
22 department, on a form prescribed by the department. The return
23 shall include all of the following:

24 (1) The number of natural gas units severed by the
25 producer for the reporting period.

26 (2) The number of producing sites used by the producer
27 for the severance of natural gas in each county and
28 municipality.

29 (3) The amount of tax due.

30 (b) Filing.--The return required by subsection (a) shall be

1 filed with the department within 15 days following the end of a
2 reporting period. The first return shall be due August 15, 2015.

3 (c) Deadline.--The tax shall be due on the day the return is
4 required to be filed and shall become delinquent if not remitted
5 to the department by that date.

6 (d) Fund established.--There is established in the State
7 Treasury a fund to be known as the Shale for Our Future Fund.

8 (e) Deposit.--The tax collected shall be deposited into the
9 Shale for Our Future Fund. Money in the fund is appropriated on
10 a continuing basis for the purposes set forth under section 5104
11 (relating to use of funds).

12 § 5104. Use of funds.

13 Money deposited into the fund under section 5103 (relating to
14 return and payment) is allocated as follows:

15 (1) Annually, \$100,000,000 shall be transferred to the
16 Department of Environmental Protection to be used exclusively
17 for the Growing Greener program.

18 (2) The remaining revenue shall be distributed as
19 follows:

20 (i) For preschool, public elementary and public
21 secondary education funding, 60%.

22 (ii) To pay the unfunded accrued liability of the
23 State Employees' Retirement System, 20%.

24 (iii) To pay the unfunded accrued liability of the
25 Public School Employees' Retirement System, 20%.

26 Section 3. This act shall take effect immediately.