
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2934 Session of
2020

INTRODUCED BY O'MARA, ULLMAN, MULLERY, ISAACSON, STURLA, KINSEY,
A. DAVIS, SAPPEY, WARREN, FREEMAN, HILL-EVANS, ZABEL,
YOUNGBLOOD, McCLINTON, MURT AND NEILSON, OCTOBER 19, 2020

REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,
OCTOBER 19, 2020

AN ACT

1 Amending the act of April 9, 1929 (P.L.343, No.176), entitled
2 "An act relating to the finances of the State government;
3 providing for cancer control, prevention and research, for
4 ambulatory surgical center data collection, for the Joint
5 Underwriting Association, for entertainment business
6 financial management firms, for private dam financial
7 assurance and for reinstatement of item vetoes; providing for
8 the settlement, assessment, collection, and lien of taxes,
9 bonus, and all other accounts due the Commonwealth, the
10 collection and recovery of fees and other money or property
11 due or belonging to the Commonwealth, or any agency thereof,
12 including escheated property and the proceeds of its sale,
13 the custody and disbursement or other disposition of funds
14 and securities belonging to or in the possession of the
15 Commonwealth, and the settlement of claims against the
16 Commonwealth, the resettlement of accounts and appeals to the
17 courts, refunds of moneys erroneously paid to the
18 Commonwealth, auditing the accounts of the Commonwealth and
19 all agencies thereof, of all public officers collecting
20 moneys payable to the Commonwealth, or any agency thereof,
21 and all receipts of appropriations from the Commonwealth,
22 authorizing the Commonwealth to issue tax anticipation notes
23 to defray current expenses, implementing the provisions of
24 section 7(a) of Article VIII of the Constitution of
25 Pennsylvania authorizing and restricting the incurring of
26 certain debt and imposing penalties; affecting every
27 department, board, commission, and officer of the State
28 government, every political subdivision of the State, and
29 certain officers of such subdivisions, every person,
30 association, and corporation required to pay, assess, or
31 collect taxes, or to make returns or reports under the laws
32 imposing taxes for State purposes, or to pay license fees or

1 other moneys to the Commonwealth, or any agency thereof,
2 every State depository and every debtor or creditor of the
3 Commonwealth," in oil and gas wells, further providing for
4 definitions and for oil and gas lease fund and providing for
5 Public Natural Resources Trust Fund.

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

8 Section 1. Sections 1601-E and 1601.2-E of the act of April
9 9, 1929 (P.L.343, No.176), known as The Fiscal Code, are amended
10 to read:

11 Section 1601-E. Definitions.

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

15 "Department." The Department of Conservation and Natural
16 Resources of the Commonwealth.

17 "Fund." The Oil and Gas Lease Fund.

18 "Marcellus well." An active production well certified by the
19 Department of Environmental Protection as a well from which gas
20 from the Marcellus Shale formation, as determined by the United
21 States Geological Survey, was extracted during the fiscal year,
22 including wells on Commonwealth and non-Commonwealth land.

23 "Trust fund." The Public Natural Resource Trust Fund
24 established in section 1601.3-E.

25 Section 1601.2-E. Oil and Gas Lease Fund.

26 (a) Continuation.--The fund is continued as a special fund
27 in the State Treasury.

28 (b) Sources.--The following shall be deposited into the
29 fund:

30 (1) Rents and royalties from oil and gas leases of land
31 owned by the Commonwealth, except rents and royalties
32 received from game and fish lands.

1 (2) Amounts as provided under section 5 of the act of
2 October 8, 2012 (P.L.1194, No.147), known as the Indigenous
3 Mineral Resources Development Act.

4 (3) Any other money appropriated or transferred to the
5 fund.

6 (c) Use.--Money in the fund may only be used as provided
7 under subsection (e) or as annually appropriated by the General
8 Assembly. In making an appropriation from the fund, the General
9 Assembly shall consider the Commonwealth's trustee duties under
10 section 27 of Article I of the Constitution of Pennsylvania.

11 (d) Priority.--Money appropriated from the fund under a
12 General Appropriation Act or other appropriation act shall be
13 distributed prior to allocations under subsection (e).

14 (e) Annual transfers.--The following apply:

15 (1) For the [~~2017-2018~~] 2018-2019 fiscal year and each
16 fiscal year thereafter, [~~\$20,000,000~~] \$35,000,000 shall be
17 transferred from the fund to the Marcellus Legacy Fund for
18 distribution to the Environmental Stewardship Fund.

19 (2) For the 2017-2018 fiscal year and each fiscal year
20 thereafter, \$15,000,000 shall be transferred from the fund to
21 the Marcellus Legacy Fund for distribution to the Hazardous
22 Sites Cleanup Fund.

23 (3) For the 2018-2019 fiscal year and each fiscal year
24 thereafter, as provided in section 1601.3-E.

25 (4) In the fiscal year following the fiscal year in
26 which the principal of the trust fund exceeds the amount set
27 forth in section 1601.3-E(d)(2) and each fiscal year
28 thereafter, all money in the fund shall be appropriated to
29 the department as authorized under this section.

30 Section 2. The act is amended by adding a section to read:

1 Section 1601.3-E. Public Natural Resources Trust Fund.

2 (a) Establishment.--The Public Natural Resources Trust Fund
3 is established as a special fund in the State Treasury.

4 (b) Revenue sources.--In addition to the transfers
5 authorized in paragraph (1), the trust fund shall include money
6 appropriated by the General Assembly, money received from the
7 Federal Government and grants or donations from other sources.
8 Interest and any other earnings shall remain in the trust fund.
9 Gifts and donations of marketable securities may be held or
10 disposed of for cash at the option of the State Treasurer. The
11 cash receipts of gifts and donations of cash or capital assets
12 and marketable securities disposed of for cash must be credited
13 immediately to the principal of the trust fund. When marketable
14 securities are disposed of for cash, the amount to be credited
15 to the trust fund shall be the value of the marketable
16 securities at the time of the gift or donation. The following
17 apply:

18 (1) Beginning with the 2018-2019 fiscal year and every
19 year thereafter, all rents and royalties paid into the fund
20 in excess of \$70,000,000 shall be transferred to the trust
21 fund.

22 (2) Disbursements from the trust fund shall be made only
23 when the balance of the trust fund exceeds \$700,000,000.

24 (c) Balance.--Money in the trust fund not expended or
25 distributed in the fiscal year in which they were made available
26 shall not lapse and shall be available for use under this
27 section in the next fiscal year.

28 (d) Disposition.--

29 (1) For fiscal year 2018-2019 through the fiscal year
30 following the fiscal year in which the principal of the trust

1 fund exceeds \$700,000,000, of the remaining rents and
2 royalties paid into the fund after any transfer under
3 subsection (b) (1):

4 (i) The department shall allocate 57% as follows:

5 (A) Forty percent for the department's community
6 recreation and conservation program for grant funding
7 of projects that meet the purposes set forth in
8 subsection (e).

9 (B) Sixty percent for use by the department for
10 projects on State park and State forest land that
11 meet the purposes set forth in subsection (e).

12 (ii) Forty-three percent shall be transferred to the
13 Environmental Stewardship Fund, of which:

14 (A) Sixty-five percent shall be for use by the
15 Department of Environmental Protection for projects
16 that meet the purposes set forth in subsection (e).

17 (B) Thirty-five percent shall be for use by the
18 Department of Agriculture for farmland preservation
19 projects, not to exceed \$15,000,000 in a fiscal year.

20 (2) For the fiscal year following the fiscal year in
21 which the principal of the trust fund exceeds \$700,000,000
22 and each fiscal year thereafter, the department may allocate
23 from the trust fund an amount up to the amount of interest
24 income derived from investment of money in the trust fund
25 during the preceding fiscal year. The allocation under this
26 paragraph is subject to the State Treasurer certifying in the
27 financial report required under subsection (h) that making
28 the allocation will not reduce the principal of the trust
29 fund.

30 (3) The department shall allocate the money available

1 under paragraph (2) in the same proportion as amounts
2 allocated under paragraph (1).

3 (4) A disposition of money under this subsection that is
4 inconsistent with the provisions of paragraph (1), (2) or (3)
5 may be made through approval of a separate appropriations
6 bill by a vote of two-thirds of the members elected to the
7 Senate and the House of Representatives.

8 (e) Purposes.--The money in the trust fund may only be used
9 for the following purposes:

10 (1) Public land conservation.

11 (2) Public recreation.

12 (3) Watershed protection.

13 (4) Acid mining drainage abatement and maintenance and
14 operation of existing acid mining drainage projects.

15 (5) Heritage area projects.

16 (6) Conservation landscape initiatives of the
17 department.

18 (7) Farmland preservation.

19 (8) Greenways.

20 (9) Green infrastructure for flood mitigation.

21 (10) Reforestation and urban canopy projects.

22 (11) Abandoned well plugging.

23 (12) Habitat restoration.

24 (13) Monitoring and mitigation of impacts or damage to
25 State land caused by activity related to oil and gas
26 development.

27 (14) Acquisition of replacement land and buffers to
28 offset or prevent harm to State land caused by activity
29 related to oil and gas development.

30 (15) Acquisition of oil, gas and other mineral rights

1 located under State land.

2 (16) Educational programming by the department and grant
3 recipients of the department, with a focus on science-based
4 natural resource conservation.

5 (17) Scientific research related to the other purposes
6 listed under this subsection.

7 (18) The annual audit required under subsection (j).

8 (19) The trust fund reports required under this section.

9 (f) Limitation.--Money in the trust fund may not be used to
10 fund maintenance or operating expenses, unless the expenses are
11 directly related to acid mining drainage projects existing as of
12 the effective date of this subsection.

13 (g) Supplemental funding.--Money in the trust fund shall
14 supplement funding from the General Fund, including the sources
15 of funding for the purposes listed in subsection (e). Money in
16 the trust fund may not be used to supplant existing General Fund
17 appropriations to the department or to any other agency of the
18 Commonwealth.

19 (h) Financial report.--The State Treasurer shall complete
20 and submit an annual financial report of the trust fund to the
21 Governor, the Attorney General and the Auditor General. The
22 report shall be submitted within 30 days of the end of the first
23 full fiscal year following the effective date of this subsection
24 and within 30 days of the end of each fiscal year thereafter.
25 The report shall contain the following:

26 (1) A statement of the principal then held in the trust
27 fund and any changes in the principal since the report of the
28 prior fiscal year.

29 (2) A statement of the trust fund income received during
30 the fiscal year in question.

1 (3) A statement of the investments then held in the
2 trust fund, including descriptions and respective values of
3 the investments.

4 (4) Any other information determined by the State
5 Treasurer to reflect a full and complete disclosure of the
6 financial operations of the trust fund.

7 (i) Expenditure report.--The department shall complete and
8 submit an annual report of the expenditures authorized in
9 subsection (d) to the Governor, the Attorney General and the
10 chairperson and minority chairperson of the Environmental
11 Resources and Energy Committee of the Senate and the chairperson
12 and minority chairperson of the Environmental Resources and
13 Energy Committee of the House of Representatives. The report
14 shall be submitted within 45 days of the end of the first fiscal
15 year following the effective date of this subsection and within
16 45 days of the end of each fiscal year thereafter. The
17 department shall post and maintain each report on the
18 department's publicly accessible Internet website. The report
19 shall contain the following:

20 (1) For fiscal year 2018-2019 through the fiscal year
21 following the fiscal year in which the principal of the trust
22 fund exceeds \$700,000,000:

23 (i) A description and accounting of all expenditures
24 and distributions from the fund for the preceding fiscal
25 year.

26 (ii) An outline of the objectives and planned
27 expenditures from the fund for the next fiscal year.

28 (2) For the fiscal year following the fiscal year in
29 which the principal of the trust fund exceeds \$700,000,000
30 and each fiscal year thereafter:

1 (i) A description and accounting for all
2 expenditures and distributions by the trust fund for the
3 preceding fiscal year.

4 (ii) An outline of the objectives and planned
5 expenditures from the trust fund for the next fiscal
6 year.

7 (j) Audit.--The Auditor General shall perform an audit of
8 the trust fund each fiscal year. Costs of the audit shall be
9 paid out of the trust fund.

10 (k) Public information.--Information in the possession of
11 the department, the Treasury Department, the Department of
12 Environmental Protection and the Department of Agriculture
13 relating to the trust fund shall be considered a public record
14 under the act of February 14, 2008 (P.L.6, No.3), known as the
15 Right-to-Know Law.

16 Section 3. This act shall take effect immediately.