



**HOUSE COMMITTEE ON APPROPRIATIONS**  
2009-10 Legislative Session

**FISCAL NOTE**

**HOUSE BILL: 2235**

**PRINTER'S NO: 3171**

**PRIME SPONSOR: Vitali**

<b>FISCAL IMPACT SUMMARY</b>	<b>FY 2009/10</b>	<b>FY 2010/11</b>
<b>Revenue Increase/(Decrease):</b>		
General Fund	See Analysis	See Analysis

**OVERVIEW:**

House Bill 2235 establishes a moratorium during which State forest lands may not be leased for the purposes of natural gas exploration, drilling or production. The moratorium shall expire five years after this act takes effect. The bill further provides that DCNR shall not offer post moratorium leasing unless the department determines the proposed lease would not compromise the State Forest's environmental, ecological, recreational, social and aesthetic values.

The bill also requires DCNR to monitor and assess the impact of the leases granted for the purposes of natural gas exploration, drilling or production on State forest lands that took effect prior to and during the moratorium. The department shall report their findings to the General Assembly and the Governor annually.

This act shall take effect immediately.

**ANALYSIS:**

Under current practices, the Commonwealth receives revenue from DCNR via the Oil and Gas Lease Fund. The Fiscal Year 2009/10 budget included a \$60 million transfer from the Oil and Gas Lease Fund to the General Fund by means of the sale of state forest land leases for natural gas purposes. The six tracts that were leased equaled approximately 31,967 acres, or 1.5 percent of Pennsylvania's total state forest land. The tracts are located in the Elk, Moshannon, Sproul, Susquehannock, and Tioga state forests in Cameron, Clearfield, Clinton, Potter, and Tioga counties.

The leases generated approximately \$128.4 million for the Commonwealth, \$68.4 million more than projected. The department reported that the state received on average bids of \$4,000 per acre.

Revenue from future leases cannot be quantified at this time. Pricing is dependent on various market factors. Any cost to the Commonwealth associated with this bill would also depend on its enactment date.

**PREPARED BY:** Antoinette L. Marchowsky, Budget Analyst  
House Appropriations Committee, (D)

**DATE:** April 19, 2010

**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.*