

**SENATE APPROPRIATIONS COMMITTEE
FISCAL NOTE**

BILL NO. Senate Bill 279

PRINTER'S NO. 444

AMOUNT

Minimal Fiscal Impact

FUND

General Fund

DATE INTRODUCED

January 16, 2015

PRIME SPONSOR

Senator Hutchinson

DESCRIPTION AND PURPOSE OF BILL

Senate Bill 279 establishes the Pennsylvania Grade Crude Development Advisory Council (Council).

The Council's members are:

- The Secretary of Community and Economic Development or designee;
- The Secretary of Environmental Protection or designee;
- One member of the Senate appointed by the Senate Pro Tempore;
- One member of the Senate appointed by the Senate Minority Leader;
- One member of the House appointed by the House Speaker;
- One member of the House appointed by the House Minority Leader; and
- The following members appointed by the Governor:
 - Two representatives of the Pennsylvania Independent Oil and Gas Association;
 - Two representatives of the Pennsylvania Independent Petroleum Producers;
 - Two representatives of the Pennsylvania Grade Crude Oil Coalition;
 - Two representatives of refineries of Pennsylvania grade crude oil;
 - One representative of a nonprofit corporation whose purpose is to promote the conventional oil and gas industry in the Commonwealth;
 - One representative of academia who is a petroleum geology expert, and;
 - One representative of academia who is a hydrologist.

The Council will meet upon the call of the chairperson, but not less than semiannually. The chair will be elected by the Council members. The members' terms are specified, and the initial terms for various members are specified and staggered.

Council members are to be reimbursed for travel and other reasonable expenses incurred in the performance of their duties.

The Council is charged with the following duties:

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- Examine and make recommendations to the Department of Environmental Protection (DEP) concerning technical oil and gas regulations and policies impacting the conventional oil and gas industry in the Commonwealth;
- Explore the development of a regulatory scheme that provides for environmental oversight and enforcement specifically applicable to the conventional oil and gas industry;
- Promote the long-term viability of the conventional oil and gas industry;
- Assist the DEP Secretary with and provide written comments on policy impacting the conventional oil and gas industry in the Commonwealth, including economic consequences;
- Review and comment on the formulation and drafting of all technical regulations;
- Provide institutional support for the conventional oil and gas industry by ensuring effective cooperation and communication among governmental agencies, and the academic and research communities;
- Recommend appropriate measures related to the promotion and development of the conventional oil and gas industry in the Commonwealth;
- Develop a plan to increase Pennsylvania grade crude oil production in an environmentally responsible way to provide adequate supply to the refineries dependent on this oil;
- Develop a joint working group with the DEP to explore and develop an environmentally responsible and economically viable production water management option; and
- Perform other duties necessary or appropriate to effect the intent and purposes of the act.

The Council shall produce an annual report detailing its activities and recommendations and shall submit the report to the Governor, Senate President Pro Tempore, Senate Minority Leader, chair and minority chair of the Senate Environmental Resources and Energy Committee, the House Speaker, the House Minority Leader, and the chair and minority chair of the House Environmental Resources and Energy Committee.

The DEP shall be required to:

- Consult with the Council on all policies and technical regulations promulgated under 58 Pa.C.S. (relating to oil and gas);
- Include the Council's written comments as part of its submission to the Environmental Quality Board (EQB), of a proposed rulemaking package of technical regulations under 58 Pa.C.S. (relating to oil and gas); and
- Provide technical assistance needed by the Council to carry out its duties.

The Department of Community and Economic Development (DCED) is required to provide administrative support, office space and other technical assistance as needed by the Council to carry out its duties.

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The act takes effect immediately.

FISCAL IMPACT:

Council members may not receive compensation for their services. However, travel and other reasonable expenses, incurred during the performance of their duties as members, shall be reimbursed. There is no estimate available for potential costs related to the reimbursement allowance. Such costs will be dependent on their meeting frequency and if members request reimbursement for any expenses.

The DCED is required to provide administrative support, office space and other technical assistance. Administrative support can be accomplished within existing human and fiscal resources.

The DEP does not expect to incur any additional expenses in the performance of their duties under the act.