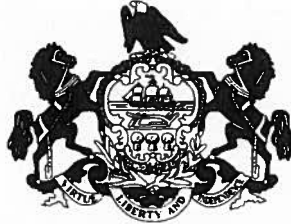


**KATE M. HARPER, MEMBER  
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**House of Representatives**  
Commonwealth of Pennsylvania  
Harrisburg

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HEARING BOARD RULES COMMITTEE  
STATEWIDE WATER RESOURCES COMMITTEE

**MEMORANDUM**

**TO:** All House Members  
**FROM:** Representative Kate M. Harper  
**DATE:** April 14, 2011  
**RE:** Severance Tax on Natural Gas Extraction

In the near future, I plan to introduce legislation imposing a severance tax on natural gas extraction in the Commonwealth.

As we continue to experience the growth of this industry in PA, this new source of revenue will provide important funding for a variety of programs that continue to face difficult economic conditions. More specifically, my legislation, using a tax formula similar to that of Arkansas, assesses a tax of 1.5% of the gross value of units severed at the wellhead for the first 60 months of production and 5% of the gross value of units severed thereafter on wells that produce natural gas in excess of 90,000 cubic feet per day.

Revenue collected through the tax would be distributed into the Natural Gas Severance Tax Account to be distributed as follows:

- Thirty-two percent to the Education Supplemental Account whereby 2/3 would be used to support basic education and 1/3 would be to support community colleges and higher education in the Commonwealth.
- Twenty-nine and six-tenths percent to the Environmental Stewardship Fund.
- Thirty-two percent to the Local Government Services Account, to be further distributed to counties and municipalities affected by natural gas drilling, as well as ten percent to the Pennsylvania Emergency Management Agency.
- One and six-tenths percent to the Hazardous Sites Cleanup Fund.
- One and three-tenths percent to the Conservation District Fund for distribution to county conservation districts.
- One and four-tenths percent to the Pennsylvania Fish and Boat Commission.
- One and three-tenths percent to the Department of Public Welfare to provide cash and crisis grants to low-income households under the Low Income Home Energy Assistance Program.
- Eight-tenths of one percent to the Department of Environmental Protection for State dam removal, restoration and repair projects.

If you would like to join me in sponsoring this bill, please contact Amy Resetar at [aresetar@pahousegop.com](mailto:aresetar@pahousegop.com).