

## MEMORANDUM

**TO:** All House Members  
**FROM:** Representative Camille George  
**DATE:** July 15, 2011  
**SUBJECT:** Co-Sponsorship Memo for omnibus Marcellus Shale legislation

The Commonwealth is calling. We must answer.

The years of dithering and political diversions must end, and I am introducing encompassing legislation to address the many concerns stemming from the Marcellus Shale drilling boom. The people of Pennsylvania are the best advisory commission, and the legislation will build on years' of input from them and the resulting legislative proposals from Republican and Democratic lawmakers and officials.

It is my hope that the legislation will provide a clear signal throughout Pennsylvania that their representatives in Harrisburg take their responsibilities – to taxpayers, to their communities and the environment – seriously and are willing to work in a bipartisan fashion to stand up for the interests of the Commonwealth.

### Environmental Safeguards

Foremost, the legislation will address safeguards needed for our water supplies. It will address the recommendations made by DEP Secretary Michael Krancer to the Marcellus Shale Advisory Commission in late May. Secretary Krancer's recommendations – which incorporate long-standing Republican and Democratic proposals – should have been implemented years ago. Support for the legislation will signal that Pennsylvania will accept no further dilution or delays in this crucial realm.

The legislation will:

- Bolster well bonding and road-repair requirements.
- Update set-back requirements from water sources and DEP permitting discretion.
- Increase civil penalties and fines for violations.
- Extend the presumed liability of a well polluting a water supply.
- Provide cradle-to-grave manifests and increase monitoring of Marcellus wastewater.
- Require dual liner systems with leak detection on flow-back impoundments.
- Prohibit flow-back impoundments in flood plains.
- Authorize Conservation Districts to review Erosion and Sedimentation applications.
- Require pre-drilling surveys paid by the permit applicant.
- Require fuller disclosure of hydraulic fracturing chemicals.

### Impact Fees

The measure's impact fee language will specify that no funding will be provided to unrestricted General Fund accounts. It also will not restrict municipalities' already limited zoning powers, include any forced pooling language or funnel environmental funding through the politically suspect Commonwealth Financing Authority.

The measure **will** direct revenues to:

1. The local and statewide impacts stemming from drilling.
2. Environmental safeguards, including the Environmental Stewardship Fund.
3. Infrastructure repairs and improvements.

The legislation, whose essence has won support from groups supporting our counties, townships and boroughs, would levy a negotiable tax of 30 cents per 1,000 cubic feet of gas severed, with an adjustment mechanism if gas prices change more than 5 percent annually. It includes a tax credit for companies creating jobs for Pennsylvanians.

The measure would earn Pennsylvania more than \$483 million annually after the first year. A detailed analysis of the revenue distribution will be attached to the hard copy of this memo. Funding highlights include:

- More than \$169 million annually to a Local Government Services Account to be distributed among counties, municipalities and PEMA.
- More than \$96 million annually to Pennvest for wastewater treatment plants.
- More than \$48 million annually to a restricted PennDOT road and bridge fund.
- More than \$72 million annually the Environmental Stewardship Fund.
- Almost \$29 million annually to the Liquid Fuels Tax Fund, shared statewide.
- More than \$14 million annually to both the Conservation District Fund and the Pa. Fish and Boat Commission.
- More than \$9.6 million annually to the Game Commission, the Hazardous Site Cleanup Fund and to the Oil & Gas Environmental Disaster Recovery Account.

The impact fee will ensure that the costs to the environment and our infrastructure are borne by the industry and not by the taxpayers who otherwise would have to pay for infrastructure damages and environmental problems from drilling.

Pennsylvania is calling – the overwhelming majority of Pennsylvanians support a tax on the drilling industry and upgraded protections. Please answer the call by co-sponsoring this legislation by e-mailing me at [cgeorge@pahouse.net](mailto:cgeorge@pahouse.net). Thank you.

CG/mjm