
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2358 Session of
2014

INTRODUCED BY DiGIROLAMO, MURT, DeLISSIO, READSHAW, MUNDY,
SANTARSIERO, McGEEHAN, GODSHALL, YOUNGBLOOD, COHEN, THOMAS,
SCHLOSSBERG, HARKINS, SABATINA, GAINNEY, HAGGERTY, DEASY,
DONATUCCI, RAVENSTAHL, DeLUCA, SIMS, CARROLL, DAVIS,
M. DALEY, CALTAGIRONE, GOODMAN, KINSEY, TRUITT, ROEBUCK,
STURLA AND DAVIDSON, JUNE 19, 2014

REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,
JUNE 19, 2014

AN ACT

1 Amending Title 72 (Taxation and Fiscal Affairs) of the
2 Pennsylvania Consolidated Statutes, providing for a natural
3 gas drilling tax; establishing the Natural Gas Drilling Tax
4 Account, the Unconventional Gas Well Impact Fund and the
5 Marcellus Legacy Fund; and providing for use of revenue.

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

8 Section 1. Title 72 of the Pennsylvania Consolidated
9 Statutes is amended by adding chapters to read:

10 CHAPTER 15

11 NATURAL GAS DRILLING TAX AND INVESTMENT

12 Subchapter

13 A. Preliminary Provisions

14 B. Tax

15 C. Natural Gas Drilling Tax Account

16 SUBCHAPTER A

17 PRELIMINARY PROVISIONS

1 Sec.

2 1501. Definitions.

3 § 1501. Definitions.

4 The following words and phrases when used in this chapter
5 shall have the meanings given to them in this section unless the
6 context clearly indicates otherwise:

7 "Account." The Natural Gas Drilling Tax Account.

8 "Association." A partnership, limited partnership or any
9 other form of unincorporated enterprise owned or conducted by
10 two or more persons.

11 "Coal bed methane." Gas that can be produced from coal beds,
12 coal seams, mined-out areas or gob wells.

13 "Commission." The Pennsylvania Public Utility Commission.

14 "Corporation." A corporation, joint stock association,
15 limited liability company, business trust or any other
16 incorporated enterprise organized under the laws of the United
17 States, this Commonwealth or any other state, territory or
18 foreign country or dependency.

19 "Department." The Department of Revenue of the Commonwealth.

20 "Fund." The Unconventional Gas Well Impact Fund.

21 "Meter." A device that measures the passage of volumes of
22 gases or liquids past a certain point.

23 "Natural gas." A fossil fuel consisting of a mixture of
24 hydrocarbon gases, primarily methane, possibly including ethane,
25 propane, butane, pentane, carbon dioxide, oxygen, nitrogen and
26 hydrogen sulfide and other gas species. The term includes
27 natural gas from oil fields known as associated gas or casing
28 head gas, natural gas fields known as nonassociated gas, coal
29 beds, shale beds and other formations. The term does not include
30 coal bed methane.

1 "Natural gas well." A bore hole drilled or being drilled for
2 the purpose of producing natural gas from subsurface geological
3 formations.

4 "Nonproducing well." An unconventional natural gas well that
5 produces natural gas of not more than 60,000 cubic feet per day.

6 "Operator." A person who engages in the business of severing
7 natural gas for sale, profit or commercial use within this
8 Commonwealth. The term does not include a person who severs
9 natural gas from a storage field.

10 "Person." A natural person or a corporation, fiduciary,
11 association or other entity, including the Commonwealth and any
12 of its political subdivisions, instrumentalities and
13 authorities. If the term is used in a provision prescribing and
14 imposing a penalty or imposing a fine or imprisonment, or both,
15 the term shall include a member of an association and an officer
16 of a corporation.

17 "Producing well." An unconventional natural gas well that
18 produces natural gas in excess of 60,000 cubic feet per day.

19 "Rate." The rate under section 1511(c) (relating to
20 imposition of tax).

21 "Records." Every person liable for the tax shall maintain
22 the following records:

23 (1) Wellhead meter charts for each reporting period,
24 along with the meter calibration and maintenance records. If
25 turbine meters are in use, the maintenance records shall be
26 made available to the department upon request.

27 (2) Records, statements and other instruments furnished
28 to an operator by a person to whom the operator delivers for
29 sale, transport or delivery of natural gas.

30 (3) Records, statements and other instruments as the

1 department may prescribe by regulation.

2 "Reporting period." A calendar month in which natural gas is
3 severed.

4 "Secretary." The Secretary of Revenue of the Commonwealth.

5 "Sever." To extract or otherwise remove natural gas through
6 the soil or water of this Commonwealth.

7 "Severance." The extraction or other removal of natural gas
8 through the soil or water of this Commonwealth.

9 "Storage field." A natural formation or other site that is
10 used to store natural gas that did not originate from, but has
11 been injected into, the formation or site.

12 "Tax." The natural gas drilling tax imposed under this
13 chapter.

14 "Tax Reform Code." The act of March 4, 1971 (P.L.6, No.2),
15 known as the Tax Reform Code of 1971.

16 "Taxpayer." A person, including a well operator, who is
17 subject to the tax imposed by this chapter.

18 "Unconventional gas well." A bore hole drilled for the
19 purpose of producing oil or gas from a geologic formation
20 existing below the base of the Elk Sandstone or its geologic
21 equivalent stratigraphic interval where oil or gas generally
22 cannot be produced at economic flow rates or in economic volumes
23 except by wells stimulated by hydraulic fracture treatments, a
24 horizontal well bore or by using multilateral well bores or
25 other techniques to expose more of the formation of the well
26 bore.

27 "Unit." An amount equal to 1,000 cubic feet of natural gas
28 measured at a wellhead at a temperature of 60 degrees Fahrenheit
29 and an absolute pressure of 14.73 pounds per square inch in
30 accordance with American Gas Association Standards and according

1 to Boyle's Law for the measurement of gas under varying
2 pressures with deviations as follows:

3 (1) The average absolute atmospheric pressure shall be
4 assumed to be 14.4 pounds to the square inch, regardless of
5 elevation or location of point of delivery above sea level or
6 variations in atmospheric pressure from time to time.

7 (2) The temperature of the gas passing a wellhead meter
8 shall be determined by the continuous use of a recording
9 thermometer installed to properly record the temperature of
10 gas flowing through the wellhead meter. The arithmetic
11 average of the temperature recorded each 24-hour day shall be
12 used in computing gas volumes. If a recording thermometer is
13 not installed or is installed and not operating properly, an
14 average flowing temperature of 60 degrees Fahrenheit shall be
15 used in computing gas volume.

16 (3) The specific gravity of the gas shall be determined
17 by annual tests made by the use of an Edwards or Acme gravity
18 balance, or at intervals as found necessary in practice.
19 Specific gravity determinations shall be used in computing
20 gas volumes.

21 (4) The deviation of the natural gas from Boyle's Law
22 shall be determined by annual tests or at other shorter
23 intervals as found necessary in practice. The apparatus and
24 method used in making the test shall be in accordance with
25 recommendations of the National Bureau of Standards or Report
26 No. 3 of the Gas Measurement Committee of the American Gas
27 Association, or amendments to the recommendations or report.
28 The results of the tests shall be used in computing the
29 volume of gas delivered under this chapter.

30 "Wellhead meter." A meter placed at a producing or

1 nonproducing well to measure the volume of natural gas severed
2 for which a wellhead meter certification has been issued.
3 "Wellhead meter certification." A report issued by an
4 accredited laboratory certifying the accuracy of a wellhead
5 meter.

6 SUBCHAPTER B

7 TAX

8 Sec.

9 1511. Imposition of tax.

10 1512. Return and payment.

11 1513. Natural gas drilling tax registration.

12 1514. Assessments.

13 1515. Time for assessment.

14 1516. Extension of assessment period.

15 1517. Reassessments.

16 1518. Interest.

17 1518.1. Recordkeeping.

18 1519. Penalties.

19 1520. Criminal acts.

20 1521. Abatement of additions or penalties.

21 1522. Bulk and auction sales.

22 1523. Collection upon failure to request reassessment, review
23 or appeal.

24 1524. Tax liens.

25 1525. Tax suit reciprocity.

26 1526. Service.

27 1527. Refunds.

28 1528. Refund petition.

29 1529. Rules and regulations.

30 1530. Recordkeeping and meters.

1 1531. Examinations.

2 1532. Unauthorized disclosure.

3 1533. Cooperation with other governments.

4 1534. Bonds.

5 § 1511. Imposition of tax.

6 (a) Establishment.--Except as provided under subsection (b),
7 a natural gas drilling tax shall be levied on every operator
8 that severs natural gas from a producing well in this
9 Commonwealth.

10 (b) Exemptions.--The tax shall not be imposed on the
11 following:

12 (1) Units severed, sold and delivered by an operator
13 within five miles of a producing well for the processing or
14 manufacturing of tangible personal property, as defined under
15 section 201 of the Tax Reform Code, within this Commonwealth.

16 (2) Units provided free of charge to the owner of the
17 surface under which the gas is severed, if the surface owner
18 is the end user of the gas.

19 (c) Rate.--The tax imposed under subsection (a) shall be
20 4.9% of the gross value of units severed at the wellhead during
21 a reporting period thereafter for each producing well.

22 (d) Application of rate determinations.--This section shall
23 affect only the determination of the rate of the tax on the
24 units severed. This section is not intended, nor shall be
25 construed, to affect any other determination, including the
26 determination of royalty due under mineral leases.

27 Notwithstanding any other provision of law, the tax imposed
28 under this chapter shall not reduce any royalty payments due
29 under mineral leases and the producer may not recover any
30 portion of the paid tax from the royalty owner through other

1 means of deduction or reallocation, notwithstanding any
2 provision in the lease, contract or agreement.

3 § 1512. Return and payment.

4 (a) Requirement.--An operator shall file a return with the
5 department, on a form prescribed by the department, which shall
6 include the number of natural gas units severed by the operator
7 for the reporting period and the amount of tax due.

8 (b) Filing.--The return required under subsection (a) shall
9 be filed with the department within 30 days following the end of
10 a reporting period.

11 (c) Deadline.--The tax shall be due on the day the return is
12 required to be filed and becomes delinquent if not remitted to
13 the department by that date.

14 § 1513. Natural gas drilling tax registration.

15 (a) Application.--Before an operator severs natural gas in
16 this Commonwealth, the operator shall apply to the department
17 for a natural gas severance tax registration certificate.

18 (b) Application fee.--The department may charge an
19 application fee to cover the administrative costs associated
20 with the application and registration process. If the department
21 charges a fee, it may not issue a registration certificate until
22 the operator has paid the application fee.

23 (c) Declaration.--An operator shall:

24 (1) Include in its application a declaration of all
25 producing wells and nonproducing wells used by the operator
26 for the severance of natural gas. The declaration shall
27 include copies of wellhead meter certifications for each
28 site.

29 (2) Update the declaration when:

30 (i) the operator adds or removes a producing well or

1 nonproducing well in this Commonwealth;

2 (ii) there is a change in the status of a producing
3 well or nonproducing well; or

4 (iii) the operator uses a different accredited
5 laboratory to issue a wellhead meter certification.

6 (3) Update the declaration within 30 days after a
7 calendar month in which a change to the declaration occurs.

8 (d) Issuance.--

9 (1) Except as provided under subsection (e), after the
10 receipt of an application, the department shall issue a
11 registration certificate under subsection (a). The
12 registration certificate shall be nontransferable.

13 (2) All registrants shall renew their registration
14 certificates and wellhead meter certifications on a staggered
15 renewal system established by the department.

16 (3) After the initial staggered renewal period, a
17 registration certificate or a wellhead meter certification
18 shall be valid for a period of five years.

19 (e) Suspension, revocation or refusal.--

20 (1) The department may suspend, revoke or refuse to
21 issue a registration certificate if the applicant or
22 registrant has not filed required State tax reports or paid
23 State taxes not subject to a timely perfected administrative
24 or judicial appeal or a duly authorized deferred payment
25 plan.

26 (2) The department shall notify the applicant or
27 registrant of any refusal, suspension or revocation. The
28 notice shall be made by first class mail and contain a
29 statement that the refusal, suspension or revocation may be
30 made public.

1 (3) An applicant or registrant aggrieved by the
2 determination of the department may file an appeal under the
3 provisions for administrative appeals provided under the Tax
4 Reform Code.

5 (4) If a suspension or revocation is appealed, the
6 registration certificate shall remain valid pending a final
7 outcome of the appeals process.

8 (5) Notwithstanding sections 274, 353(f), 408(b), 603,
9 702, 802, 904 and 1102 of the Tax Reform Code or any other
10 provision of law, if no appeal is taken or if an appeal is
11 taken and denied at the conclusion of the appeal process, the
12 department may disclose, by publication or otherwise, the
13 identity of an operator and that the operator's registration
14 certificate has been refused, suspended or revoked under this
15 subsection. Disclosure may include the basis for refusal,
16 suspension or revocation.

17 (f) Violation.--

18 (1) A person severing natural gas in this Commonwealth
19 without holding a valid registration certificate under
20 subsection (d) commits a summary offense and shall, upon
21 conviction, be sentenced to pay a fine of not less than \$300
22 nor more than \$1,500.

23 (2) If a person convicted under paragraph (1) defaults
24 in the payment of the fine, the person shall be sentenced to
25 a term of imprisonment of not less than five days nor more
26 than 30 days.

27 (3) The penalties imposed under this subsection shall be
28 in addition to any other penalties imposed under this
29 chapter.

30 (4) For purposes of this subsection, the severing of

1 natural gas during any calendar day shall constitute a
2 separate violation.

3 (5) The secretary may designate employees of the
4 department to enforce this subsection. The employees shall
5 exhibit proof of and be within the scope of the designation
6 when instituting proceedings as provided by the Pennsylvania
7 Rules of Criminal Procedure.

8 (g) Failure to obtain registration certificate.--Failure to
9 obtain or hold a valid registration certificate shall not
10 relieve a person from liability for the tax.

11 § 1514. Assessments.

12 (a) Authorization and requirement.--The department shall
13 make any inquiries, determinations and assessments of the tax,
14 including interest, additions and penalties imposed under this
15 chapter.

16 (b) Notice.--The notice of assessment and demand for payment
17 shall be mailed to the taxpayer and shall state the basis of the
18 assessment. The department shall send the notice of assessment
19 to the taxpayer by regular mail or, if the assessment increases
20 the taxpayer's tax liability by at least \$300, to its registered
21 address by certified mail.

22 § 1515. Time for assessment.

23 (a) Requirement.--

24 (1) An assessment provided under section 1514 (relating
25 to assessments) shall be made within three years of the date
26 when the return provided for under section 1512 (relating to
27 return and payment) is filed.

28 (2) For the purposes of this subsection and subsection
29 (b), a return filed before the last day prescribed for the
30 filing period shall be considered filed on the last day.

1 (b) Exception.--If the taxpayer underpays the correct amount
2 of the tax due by 25% or more, the tax may be assessed not later
3 than six years after the date the return was filed.

4 (c) Intent to evade.--If no return is filed or if the
5 taxpayer files a false or fraudulent return with intent to evade
6 the tax, the assessment may be made at any time.

7 (d) Erroneous credit or refund.--The department may issue an
8 assessment to recover a refund or credit made or allowed
9 erroneously in either of the following time periods, whichever
10 occurs later:

11 (1) Within three years of the granting of a refund or
12 credit.

13 (2) Within the period in which an assessment or
14 reassessment may have been issued by the department for the
15 taxable period for which the refund was granted.

16 § 1516. Extension of assessment period.

17 Notwithstanding any other provision of this chapter, the
18 assessment period may be extended if a taxpayer has provided
19 written consent before the expiration of the period provided
20 under section 1515 (relating to time for assessment) for a tax
21 assessment. The amount of tax due may be assessed at any time
22 within the extended period. The period may be extended further
23 by providing a subsequent written consent before the expiration
24 of the extended period.

25 § 1517. Reassessments.

26 A taxpayer against whom an assessment is made may petition
27 the department for a reassessment under Article XXVII of the Tax
28 Reform Code.

29 § 1518. Interest.

30 The department shall assess interest on any delinquent tax at

1 the rate prescribed under section 806 of the act of April 9,
2 1929 (P.L.343, No.176), known as The Fiscal Code.

3 § 1518.1. Recordkeeping.

4 (a) Duty to maintain records.--

5 (1) Every person liable for the tax or for the
6 collection of the tax shall:

7 (i) Keep records, including those enumerated under
8 subsection (b).

9 (ii) Render statements.

10 (iii) Make returns.

11 (iv) Comply with the rules and regulations the
12 department may prescribe regarding matters pertinent to
13 the person's business.

14 (2) Whenever necessary to demonstrate whether a person
15 is liable to pay the tax, the department may require a
16 person, by notice served upon the person or by regulations,
17 to:

18 (i) Make returns.

19 (ii) Render statements.

20 (iii) Keep records as the department deems
21 sufficient.

22 (b) Records of nonresidents.--

23 (1) In addition to the requirements under subsection
24 (a), a nonresident who does business in this Commonwealth as
25 an operator shall keep adequate records of that business and
26 of the tax due as a result. The records shall be retained
27 within this Commonwealth unless retention outside this
28 Commonwealth is authorized by the department.

29 (2) The department may require a taxpayer who desires to
30 retain records outside this Commonwealth to assume reasonable

1 out-of-State audit expenses.

2 (c) Keeping of separate records.--

3 (1) An operator who is engaged in another business which
4 does not involve the severing of natural gas taxable under
5 this chapter shall keep separate books and records of the
6 businesses showing the taxable severing of natural gas under
7 this chapter separately from other business activities.

8 (2) If any person fails to keep separate books and
9 records under paragraph (1), the person shall be liable for a
10 penalty equaling 100% of tax due for the period that separate
11 records were not maintained.

12 § 1519. Penalties.

13 The department shall enforce the following penalties:

14 (1) The penalty against an operator for severing natural
15 gas without a natural gas severance tax registration
16 certificate shall be \$1 for every unit severed without a
17 valid registration certificate. The department may assess the
18 penalty separately from, or in conjunction with, any
19 assessment of the natural gas tax.

20 (2) The penalty against an operator for failure to
21 timely file a return as required under section 1512 (relating
22 to return and payment) or for failure to timely pay the tax
23 as required by section 1512(c) shall be 5% of the tax
24 liability to be reported on the return for each day beyond
25 the due date that the return is not filed or tax is not paid.

26 (3) In addition to the penalty prescribed under
27 paragraph (2), the penalty against an operator for a willful
28 failure to file a timely return shall be 200% of the tax
29 liability required to be reported on the return.

30 § 1520. Criminal acts.

1 (a) Fraudulent return.--Any person, with intent to defraud
2 the Commonwealth, who willfully makes or causes to be made a
3 return required under this chapter which is false or incomplete
4 commits a misdemeanor of the third degree and shall, upon
5 conviction, be sentenced to pay a fine of not more than \$2,000
6 or to imprisonment for not more than three years, or both.

7 (b) Other crimes.--

8 (1) Except as provided under subsection (a), a person
9 commits a misdemeanor of the third degree and shall, upon
10 conviction, be sentenced to pay a fine of not more than
11 \$1,000 and costs of prosecution or to imprisonment for not
12 more than one year, or both, for any of the following:

13 (i) Willfully failing to timely remit the tax to the
14 department.

15 (ii) Willfully failing or neglecting to timely file
16 a return or report required under this chapter.

17 (iii) Refusing to timely pay a tax, penalty or
18 interest imposed or provided for under this chapter.

19 (iv) Willfully failing to preserve books, papers and
20 records as directed by the department.

21 (v) Refusing to permit the department or its
22 authorized agents to examine the person's books, records
23 or papers.

24 (vi) Knowingly making any incomplete, false or
25 fraudulent report.

26 (vii) Preventing or attempting to prevent the full
27 disclosure of the amount of tax due.

28 (viii) Providing any person with a false statement
29 as to the payment of the tax with respect to any
30 pertinent facts.

1 (ix) Making, uttering or issuing a false or
2 fraudulent statement.

3 (2) The penalties imposed under this section shall be in
4 addition to other penalties imposed under this chapter.

5 § 1521. Abatement of additions or penalties.

6 Upon the filing of a petition for reassessment or a petition
7 for refund by a taxpayer as provided under this chapter,
8 additions or penalties imposed on the taxpayer under this
9 chapter may be waived or abated, in whole or in part, upon a
10 showing that the taxpayer acted in good faith, without
11 negligence and with no intent to defraud.

12 § 1522. Bulk and auction sales.

13 The following persons shall be subject to section 1403 of the
14 act of April 9, 1929 (P.L.343, No.176), known as The Fiscal
15 Code:

16 (1) A person who sells or causes to be sold at auction
17 or sells or transfers in bulk 51% or more of a stock of:

18 (i) goods;

19 (ii) wares or merchandise of any kind;

20 (iii) fixtures;

21 (iv) machinery;

22 (v) equipment; or

23 (vi) buildings or real estate

24 involved in a business for which the person holds a
25 registration certificate.

26 (2) A person who is required to obtain a registration
27 certificate under this chapter.

28 § 1523. Collection upon failure to request reassessment, review
29 or appeal.

30 (a) Power of department to collect tax.--The department may

1 collect the tax:

2 (1) If, after notice to the taxpayer, an assessment of
3 the tax is not paid within 30 days and no petition for
4 reassessment has been filed.

5 (2) Within 60 days of a reassessment, if no petition for
6 review has been filed.

7 (3) If no appeal has been made, within 30 days of:

8 (i) the Board of Finance and Revenue's decision of a
9 petition for review; or

10 (ii) the expiration of the Board of Finance and
11 Revenue's time for acting upon a petition for review.

12 (4) In all cases of judicial sales, receiverships,
13 assignments or bankruptcies.

14 (b) Limitation of defense.--In a case for the collection of
15 taxes under subsection (a), a taxpayer may not assert a defense
16 that might have been determined by the department, the Board of
17 Finance and Revenue or the courts, except for the following
18 defenses in a proceeding for collection by a motion to stay the
19 proceedings:

20 (1) failure of the department to mail notice of
21 assessment or reassessment to the taxpayer; and

22 (2) payment of assessment or reassessment.

23 § 1524. Tax liens.

24 (a) Lien imposed.--

25 (1) If a taxpayer neglects or refuses to pay the tax for
26 which the taxpayer is liable under this chapter, the amount,
27 including interest, addition or penalty, together with
28 additional costs that may accrue, shall be a lien in favor of
29 the Commonwealth upon the real and personal property of the
30 taxpayer but only after the lien has been entered and

1 docketed of record by the prothonotary of the county where
2 the property is situated.

3 (2) The department may, at any time, transmit to the
4 prothonotaries of the respective counties certified copies of
5 all liens imposed by this section.

6 (3) The following shall apply:

7 (i) The prothonotary who receives the lien shall
8 enter and docket the same of record to the office of the
9 prothonotary. The lien shall be indexed the same as a
10 judgment.

11 (ii) No prothonotary shall require the payment of
12 costs incidental to the entry.

13 (b) Priority of lien and effect on judicial sale.--Except
14 for the costs of the sale, the writ upon which the sale was made
15 and real estate taxes and municipal claims against the property,
16 a lien imposed under this section shall:

17 (1) Have priority from the date of its recording and
18 shall be fully paid and satisfied out of the proceeds of any
19 judicial sale of property subject to the lien before any
20 other obligation, judgment, claim, lien or estate to which
21 the property may subsequently become subject.

22 (2) Be subordinate to mortgages and other liens existing
23 and duly recorded or entered of record prior to the recording
24 of the lien.

25 (c) No discharge by sale on junior lien.--

26 (1) In the case of a judicial sale of property subject
27 to a lien or claim over which the lien imposed under this
28 section has priority, the sale shall discharge the lien
29 imposed under this section to the extent only that the
30 proceeds are applied to its payment and the lien shall

1 continue in full force and effect as to the remaining unpaid
2 balance.

3 (2) There shall be no inquisition or condemnation upon
4 any judicial sale of real estate made by the Commonwealth
5 under this chapter. The lien shall continue as provided under
6 the act of April 9, 1929 (P.L.343, No.176), known as The
7 Fiscal Code. A writ of execution may issue upon the lien
8 without the issuance and prosecution to judgment of a writ of
9 scire facias, subject to the following:

10 (i) Not less than ten days before issuance of any
11 execution on the lien, notice of the filing and the
12 effect of the lien shall be sent by registered mail to
13 the taxpayer at its last known post office address.

14 (ii) The lien shall have no effect upon any stock of
15 goods, wares or merchandise regularly sold or leased in
16 the ordinary course of business by the taxpayer against
17 whom the lien has been entered, unless and until a writ
18 of execution has been issued and a levy made upon the
19 stock of goods, wares and merchandise.

20 (d) Violation by prothonotary.--A willful failure of a
21 prothonotary to carry out a duty imposed under this section
22 shall be a misdemeanor of the third degree and, upon conviction,
23 the prothonotary shall be sentenced to pay a fine of not more
24 than \$1,000 and costs of prosecution or to imprisonment for not
25 more than one year, or both.

26 (e) Priority.--

27 (1) Except as provided under this chapter, upon the
28 distribution in receivership, bankruptcy or otherwise of the
29 property or estate of any person, all taxes which are due and
30 unpaid and are not collectible under section 225 of the Tax

1 Reform Code shall be paid from the first money available for
2 distribution in priority to all other claims and liens,
3 except as the laws of the United States may give priority to
4 a claim to the Federal Government.

5 (2) A person required to administer or distribute the
6 property or estate who violates this section shall be
7 personally liable for the taxes which are accrued, unpaid and
8 chargeable against the person whose property or estate is
9 being administered or distributed.

10 (f) Construction.--Subject to the limitations contained
11 under this chapter, nothing contained under this section shall
12 be construed to restrict, prohibit or limit the use of another
13 remedy or procedure available at law or equity by the department
14 in collecting taxes due and payable.

15 § 1525. Tax suit reciprocity.

16 The courts of this Commonwealth shall recognize and enforce
17 liabilities for natural gas severance or extraction taxes
18 lawfully imposed by any other state that recognizes and enforces
19 the tax imposed under this chapter.

20 § 1526. Service.

21 (a) Rule.--

22 (1) Service shall be made upon the operator.

23 (2) If service cannot be made upon the operator as
24 provided under law, service may be made upon the Secretary of
25 the Commonwealth.

26 (3) If service is made under paragraph (2), a copy of
27 the process or notice shall be personally served upon any
28 agent or representative of the operator who may be found
29 within this Commonwealth or, if no agent or representative
30 can be found, a copy of the process or notice shall be sent

1 by registered mail to the operator at the last known address
2 of its principal place of business, home office or residence.

3 (b) Appointment of Secretary of the Commonwealth.--An
4 operator shall be deemed to have appointed the Secretary of the
5 Commonwealth its agent for the acceptance of service of process
6 or notice in a proceeding for the enforcement of the civil
7 provisions of this chapter. Service made upon the Secretary of
8 the Commonwealth as agent shall be of the same legal force and
9 validity as personal service on the operator.

10 § 1527. Refunds.

11 (a) Duty.--Under Article XXVII of the Tax Reform Code, the
12 department shall refund all taxes, interest and penalties paid
13 to the Commonwealth under this chapter to which the Commonwealth
14 is not rightfully entitled.

15 (b) Payment of refunds.--

16 (1) Except as provided under paragraph (2), a refund
17 under subsection (a) shall be paid to the person or the
18 person's heirs, successors, assigns or other personal
19 representatives who paid the tax.

20 (2) No refund shall be made under this section for a
21 payment made by reason of an assessment if a taxpayer has
22 filed a petition for reassessment under section 2702 of the
23 Tax Reform Code and the petition is adverse to the taxpayer
24 by a decision which is no longer subject to further review or
25 appeal.

26 (c) Construction.--Nothing under this chapter shall be
27 construed to prohibit a taxpayer who has filed a timely petition
28 for reassessment from amending it to a petition for refund where
29 the petitioner paid the tax assessed.

30 § 1528. Refund petition.

1 (a) General rule.--Except as provided under subsection (b),
2 a taxpayer shall receive a refund or credit of tax, interest or
3 penalty provided for under section 1527 (relating to refunds) if
4 the taxpayer files a petition for refund with the department
5 under Article XXVII of the Tax Reform Code within the time
6 limits of section 3003.1 of the Tax Reform Code.

7 (b) Natural gas drilling tax refund.--

8 (1) A taxpayer shall receive a refund or credit of tax,
9 interest or penalty paid as a result of an assessment under
10 section 1513 (relating to natural gas drilling tax
11 registration) if the taxpayer files with the department a
12 petition for a refund under Article XXVII of the Tax Reform
13 Code within the time limits of section 3003.1 of the Tax
14 Reform Code.

15 (2) Filing a petition for a refund under this subsection
16 shall not affect the abatement of interest, additions or
17 penalties to which the person may be entitled by reason of
18 the person's payment of the assessment.

19 § 1529. Rules and regulations.

20 (a) Enforcement.--The department shall enforce this chapter
21 and may prescribe, adopt, promulgate and enforce rules and
22 regulations not inconsistent with this chapter relating to the:

23 (1) Administration and enforcement of this chapter.

24 (2) Collection of taxes, penalties and interest imposed
25 under this chapter.

26 (b) Application.--The department may prescribe the extent to
27 which any of the rules and regulations shall be applied without
28 retroactive effect.

29 § 1530. Meters.

30 An operator shall provide for and maintain, according to

1 industry standards, a discrete wellhead meter where natural gas
2 is severed. Any wellhead meter installed after the effective
3 date of this section must be a digital meter.

4 § 1531. Examinations.

5 (a) Powers of department.--The department or any of its
6 authorized agents may:

7 (1) Examine the books, papers and records of any
8 taxpayer in order to verify the accuracy and completeness of
9 any return made or, if no return was made, to ascertain and
10 assess the tax.

11 (2) Require the preservation of all books, papers and
12 records for any period deemed proper, but the period may not
13 exceed three years from the end of the calendar year to which
14 the records relate.

15 (3) Examine any person, under oath, concerning the
16 taxable severing of natural gas by any taxpayer or any other
17 matter relating to the enforcement or administration of this
18 chapter. The department may compel the production of books,
19 papers and records and the attendance of all persons, whether
20 as parties or witnesses, believed to have knowledge of
21 relevant matters to accomplish its powers under this
22 paragraph. The procedure for the hearings or examinations
23 shall be the same as provided under the act of April 9, 1929
24 (P.L.343, No.176), known as The Fiscal Code.

25 (b) Duties of taxpayers.--Every taxpayer shall provide the
26 department or its agent with the means, facilities and
27 opportunity for examinations and investigations under this
28 section.

29 § 1532. Unauthorized disclosure.

30 (a) General rule.--Any information gained by the department

1 as a result of any return, examination, investigation, hearing
2 or verification required or authorized under this chapter shall
3 be confidential except for official purposes and except in
4 accordance with proper judicial order or as otherwise provided
5 by law.

6 (b) Penalty for violation.--Any person unlawfully divulging
7 information collected by the department commits a misdemeanor of
8 the third degree and shall, upon conviction, be sentenced to pay
9 a fine of not more than \$1,000 and costs of prosecution or to a
10 term of imprisonment for not more than one year, or both.

11 § 1533. Cooperation with other governments.

12 (a) General rule.--Notwithstanding section 1525 (relating to
13 tax suit reciprocity), the department may do any of the
14 following with regard to the Office of the Commissioner of the
15 Internal Revenue Service, the proper officer of any state or the
16 authorized representative of either of them:

17 (1) Permit the inspection of the tax returns of any
18 taxpayer.

19 (2) Furnish an abstract of the return of a taxpayer.

20 (3) Supply information concerning any item contained in
21 a return or disclosed by the report of an examination or
22 investigation of the return of a taxpayer.

23 (b) Applicability.--Subsection (a) shall apply if the laws
24 of the United States or another state grant substantially
25 similar privileges to the proper officer of the Commonwealth
26 charged with the administration of this chapter.

27 § 1534. Bonds.

28 (a) Taxpayer to file bond.--

29 (1) The department may require the following entities
30 subject to the tax to file a bond issued by a surety company

1 authorized to do business in this Commonwealth and approved
2 by the Insurance Commissioner as to solvency and
3 responsibility, in amounts the department may fix, to secure
4 the payment of any tax or penalties due or which may become
5 due if the department deems it necessary to protect the
6 revenues obtained under this chapter:

7 (i) A nonresident.

8 (ii) A foreign corporation, association, fiduciary
9 or other entity not authorized to do business within this
10 Commonwealth or not having an established place of
11 business in this Commonwealth.

12 (2) The department may require a bond of a person
13 petitioning the department for reassessment in the case of an
14 assessment over \$500 or if, in the department's opinion, the
15 ultimate collection is in jeopardy.

16 (3) For a period of three years, the department may
17 require a bond of any person who has, on three or more
18 occasions within a 12-month period, either filed a return or
19 made payment to the department more than 30 days late.

20 (4) The following apply:

21 (i) If the department determines a taxpayer must
22 file a bond, the department shall give notice to the
23 taxpayer specifying the amount of the bond required.

24 (ii) The taxpayer shall file the bond within five
25 days after receiving notice unless, within five days of
26 receiving the notice, the taxpayer requests in writing a
27 hearing before the secretary or the secretary's
28 representative.

29 (iii) At the hearing under subparagraph (ii), the
30 necessity, propriety and amount of the bond shall be

1 determined by the secretary or the secretary's
2 representative.

3 (iv) The determination under subparagraph (iii)
4 shall be final and the taxpayer shall comply with the
5 determination no later than 15 days after notice is
6 mailed to the taxpayer.

7 (b) Securities in lieu of bond.--

8 (1) A taxpayer may deposit a security approved by the
9 department or cash in a prescribed amount in lieu of a bond
10 required under this section.

11 (2) The security or cash shall be kept in the custody of
12 the department. The department may apply the security or cash
13 to the tax and interest or penalties due without notice to
14 the depositor. The security may be sold at public or private
15 sale by the department to pay the tax, interest or penalties,
16 or any combination of tax, interest or penalties, due upon
17 five days' written notice to the depositor.

18 (c) Failure to file bond.--

19 (1) The department may file a lien under section 1524
20 (relating to tax liens) against a taxpayer who fails to file
21 a bond when required to do so under this section.

22 (2) All funds received upon execution of the judgment on
23 the lien shall be refunded to the taxpayer with 3% interest
24 if the department makes a final determination that the
25 taxpayer does not owe any payment to the department.

26 SUBCHAPTER C

27 NATURAL GAS DRILLING TAX ACCOUNT

28 Sec.

29 1541. Natural Gas Drilling Tax Account.

30 1542. Initial transfer to Unconventional Gas Well Impact Fund.

1 1543. Transfer to Housing Trust Fund.

2 1544. Distribution of remaining tax revenue.

3 § 1541. Natural Gas Drilling Tax Account.

4 (a) Establishment.--The Natural Gas Drilling Tax Account is
5 established as a restricted account within the State Treasury.

6 (b) Source of funds.--The proceeds of the tax, penalties and
7 interest imposed under this chapter shall be deposited into the
8 account.

9 (c) Use.--The money in the account may only be used in
10 accordance with this chapter and Chapter 23 (relating to
11 Unconventional Gas Well Impact Fund).

12 § 1542. Initial transfer to Unconventional Gas Well Impact
13 Fund.

14 Before any other funds from the Natural Gas Drilling Tax
15 Account are expended in any fiscal year, the commission shall
16 calculate and make a request to the department for the funds
17 necessary to satisfy the annual obligations of the
18 Unconventional Gas Well Impact Fund as required in Chapter 23
19 (relating to Unconventional Gas Well Impact Fund). The
20 department shall then distribute from the account an amount of
21 money sufficient to fulfill the request of the commission.

22 § 1543. Transfer to Housing Trust Fund.

23 The State Treasurer shall transfer from the account to the
24 Housing Trust Fund the amounts as follows:

25 (1) For the 2014-2015 fiscal year, \$3,000,000 shall be
26 transferred.

27 (2) For the 2015-2016 fiscal year, \$4,000,000 shall be
28 transferred.

29 (3) For the 2016-2017 fiscal year, \$5,000,000 shall be
30 transferred.

1 (4) For 2017-2018 fiscal year, and each year thereafter,
2 \$6,000,000 shall be transferred.

3 § 1544. Distribution of remaining tax revenue.

4 (a) General rule.--After making the distribution and
5 transfer required under sections 1542 (relating to initial
6 transfer to Unconventional Gas Well Impact Fund) and 1543
7 (relating to transfer to Housing Trust Fund), the balance of
8 moneys in the Natural Gas Drilling Tax Account shall be
9 allocated in the following amounts and for the following
10 purposes:

11 (1) Forty percent shall be transferred to the Department
12 of Education for basic education funding of school districts,
13 including supplemental payments for certain distressed school
14 districts.

15 (2) Ten percent shall be transferred to the
16 Environmental Stewardship Fund.

17 (3) Ten percent shall be transferred to the Department
18 of Conservation and Natural Resources to be used exclusively
19 for conservation, recreation, dams or flood control, or to
20 match any Federal grants which may be made for any of the
21 aforementioned purposes. The Department of Conservation and
22 Natural Resources shall give preference to projects that
23 contribute to the operation and maintenance of State parks
24 and State forests. No funds shall be expended on operations
25 by the Department of Conservation and Natural Resources.

26 (4) Four percent shall be transferred to the Department
27 of Environmental Protection for the Pennsylvania Sunshine
28 Solar Program.

29 (5) Eight percent shall be transferred to the Department
30 of Drug and Alcohol Programs for drug and alcohol programs.

1 (6) Eight percent shall be transferred to the Department
2 of Public Welfare for intellectual disability programs.

3 (7) Five percent shall be transferred to the Department
4 of Public Welfare for behavioral health services.

5 (8) Five percent shall be transferred to the Department
6 of Public Welfare for the Human Services Development Fund.

7 (9) Three percent shall be transferred to the
8 Pennsylvania Housing Finance Agency for the Homeowners
9 Emergency Mortgage Assistance Program.

10 (10) Two percent shall be transferred to the Department
11 of Public Welfare for use for victims of rape and domestic
12 violence in accordance with section 2333 of the act of April
13 9, 1929 (P.L.177, No.175), known as the Administrative Code
14 of 1929.

15 (11) Two percent shall be transferred to the Department
16 of Military and Veterans Affairs for the operation and
17 maintenance of veterans homes.

18 (12) Three percent shall be transferred to the
19 Department of Labor and Industry for the Industry
20 Partnerships Program.

21 (b) Appropriation required.--No allocation under subsection
22 (a) shall be expended from the Natural Gas Drilling Tax Account
23 except upon an annual appropriation of the General Assembly.

24 CHAPTER 23

25 UNCONVENTIONAL GAS WELL IMPACT FUND

26 Sec.

27 2301. Definitions.

28 2302. Unconventional gas well impact fee-equivalent
29 calculation.

30 2303. Administration.

- 1 2304. Well information.
2 2305. (Reserved).
3 2306. (Reserved).
4 2307. Commission and powers.
5 2308. (Reserved).
6 2309. (Reserved).
7 2310. (Reserved).
8 2311. (Reserved).
9 2312. Recordkeeping.
10 2313. Examinations.
11 2314. Unconventional Gas Well Impact Fee Fund.
12 2315. Statewide initiatives.
13 2316. Small business participation.
14 2317. Applicability.
15 § 2301. Definitions.

16 The following words and phrases when used in this chapter
17 shall have the meanings given to them in this section unless the
18 context clearly indicates otherwise:

19 "Average annual price of natural gas." The arithmetic mean
20 of the New York Mercantile Exchange (NYMEX) settled price for
21 the near-month contract, as reported by the Wall Street Journal
22 for the last trading day of each month of a calendar year for
23 the 12-month period ending December 31.

24 "Company." An entity doing business within this Commonwealth
25 and subject to tax under Article III, IV or VI of the act of
26 March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
27 1971.

28 "Commission." The Pennsylvania Public Utility Commission.

29 "Department." The Department of Environmental Protection of
30 the Commonwealth.

1 "Eligible applicant." Any of the following:

2 (1) A county, municipality, council of governments,
3 watershed organization, institution of higher education or
4 nonprofit organization.

5 (2) An authorized organization as defined in 27 Pa.C.S.
6 § 6103 (relating to definitions).

7 (3) A company, other than a producer.

8 "Fund." The Unconventional Gas Well Impact Fund.

9 "Highway mileage." The number of miles of public roads and
10 streets most recently certified by the Department of
11 Transportation as eligible for distribution of liquid fuels
12 funds under the act of June 1, 1956 (1955 P.L.1944, No.655),
13 referred to as the Liquid Fuels Tax Municipal Allocation Law.

14 "Municipality." A borough, city, town or township.

15 "Natural gas." A fossil fuel consisting of a mixture of
16 hydrocarbon gases, primarily methane, and possibly including
17 ethane, propane, butane, pentane, carbon dioxide, oxygen,
18 nitrogen and hydrogen sulfide and other gas species. The term
19 includes natural gas from oil fields known as associated gas or
20 casing head gas, natural gas fields known as nonassociated gas,
21 coal beds, shale beds and other formations. The term does not
22 include coal bed methane.

23 "Nonproducing well." An unconventional natural gas well that
24 produces natural gas of not more than 60,000 cubic feet per day.

25 "Number of spud unconventional gas wells." The most recent
26 numerical count of spud unconventional gas wells on the
27 inventory maintained and provided to the commission by the
28 department as of the last day of each month.

29 "Population." As follows:

30 (1) Population of the Commonwealth and population of a

1 county shall be determined using the United States Census
2 Bureau's most recently released Annual Estimates of the
3 Resident Population for Counties of Pennsylvania.

4 (2) Population of a municipality shall be determined
5 using the United States Census Bureau's most recently
6 released Annual Estimates for the Resident Population for
7 Incorporated Places in Pennsylvania.

8 (3) Population of municipalities not included in the
9 report referenced under paragraph (2) shall be determined
10 using the United States Census Bureau's most recently
11 released Annual Estimates of the Resident Population for
12 Minor Civil Divisions in Pennsylvania.

13 "Producer." A person or its subsidiary, affiliate or holding
14 company that holds a permit or other authorization to engage in
15 the business of severing natural gas for sale, profit or
16 commercial use from an unconventional gas well in this
17 Commonwealth. The term shall not include a producer that severs
18 natural gas from a site used to store natural gas that did not
19 originate from the site.

20 "Producing well." An unconventional natural gas well that
21 produces natural gas in excess of 60,000 cubic feet per day.

22 "Records." Every person liable for the tax shall maintain
23 the following records:

24 (1) Wellhead meter charts for each reporting period,
25 along with the meter calibration and maintenance records. If
26 turbine meters are in use, the maintenance records shall be
27 made available to the department upon request.

28 (2) Records, statements and other instruments furnished
29 to an operator by a person to whom the operator delivers for
30 sale, transport or delivery of natural gas.

1 (3) Records, statements and other instruments as the
2 department may prescribe by regulation.

3 "Reporting period." A calendar month in which natural gas is
4 severed.

5 "Sever." To extract or otherwise remove natural gas through
6 the soil or water of this Commonwealth.

7 "Spud." The actual start of drilling of an unconventional
8 gas well.

9 "Stripper well." An unconventional gas well incapable of
10 producing more than 90,000 cubic feet of gas per day during any
11 calendar month, including production from all zones and
12 multilateral well bores at a single well, without regard to
13 whether the production is separately metered.

14 "Unconventional formation." A geological shale formation
15 existing below the base of the Elk Sandstone or its geologic
16 equivalent stratigraphic interval where natural gas generally
17 cannot be produced at economic flow rates or in economic volumes
18 except by vertical or horizontal well bores stimulated by
19 hydraulic fracture treatments or by using multilateral well
20 bores or other techniques to expose more of the formation to the
21 well bore.

22 "Unconventional gas well." A bore hole drilled or being
23 drilled for the purpose of or to be used for the production of
24 natural gas from an unconventional formation.

25 "Vertical gas well." An unconventional gas well which
26 utilizes hydraulic fracture treatment through a single vertical
27 well bore and produces natural gas in quantities greater than
28 that of a stripper well.

29 § 2302. Unconventional gas well impact fee-equivalent
30 calculation.

1 (a) General rule.--The commission shall annually make an
2 unconventional gas well impact fee-equivalent calculation and
3 transmit that calculation to the Department of Revenue.

4 (b) Components.--The unconventional gas well impact fee-
5 equivalent calculation shall be determined by using every
6 producer and shall apply to unconventional gas wells spud in
7 this Commonwealth regardless of when spudding occurred. Prior to
8 adjustment under subsection (c), the unconventional gas well
9 impact fee-equivalent calculation for each unconventional gas
10 well shall be determined as follows:

11 (1) Year one:

12 (i) If the average annual price of natural gas is
13 not more than \$2.25, the unconventional gas well impact
14 fee-equivalent calculation shall be \$40,000 for the
15 calendar year in which the unconventional gas well is
16 spud.

17 (ii) If the average annual price of natural gas is
18 greater than \$2.25 and less than \$3.00, the
19 unconventional gas well impact fee-equivalent calculation
20 shall be \$45,000 for the calendar year in which the
21 unconventional gas well is spud.

22 (iii) If the average annual price of natural gas is
23 greater than \$2.99 and less than \$5.00, the
24 unconventional gas well impact fee-equivalent calculation
25 shall be \$50,000 for the calendar year in which the
26 unconventional gas well is spud.

27 (iv) If the average annual price of natural gas is
28 greater than \$4.99 and less than \$6.00, the
29 unconventional gas well impact fee-equivalent calculation
30 shall be \$55,000 for the calendar year in which the

1 unconventional gas well is spud.

2 (v) If the average annual price of natural gas is
3 more than \$5.99, the unconventional gas well impact fee-
4 equivalent calculation shall be \$60,000 for the calendar
5 year in which the unconventional gas well is spud.

6 (2) Year two:

7 (i) If the average annual price of natural gas is
8 not more than \$2.25, the unconventional gas well impact
9 fee-equivalent calculation shall be \$30,000 for the
10 calendar year following the year in which the
11 unconventional gas well is spud.

12 (ii) If the average annual price of natural gas is
13 greater than \$2.25 and less than \$3.00, the
14 unconventional gas well impact fee-equivalent calculation
15 shall be \$35,000 for the calendar year following the year
16 in which the unconventional gas well is spud.

17 (iii) If the average annual price of natural gas is
18 greater than \$2.99 and less than \$5.00, the
19 unconventional gas well impact fee-equivalent calculation
20 shall be \$40,000 for the calendar year following the year
21 in which the unconventional gas well is spud.

22 (iv) If the average annual price of natural gas is
23 greater than \$4.99 and less than \$6.00, the
24 unconventional gas well impact fee-equivalent calculation
25 shall be \$45,000 for the calendar year following the year
26 in which the unconventional gas well is spud.

27 (v) If the average annual price of natural gas is
28 more than \$5.99, the unconventional gas well impact fee-
29 equivalent calculation shall be \$55,000 for the calendar
30 year following the year in which the unconventional gas

1 well is spud.

2 (3) Year three:

3 (i) If the average annual price of natural gas is
4 not more than \$2.25, the unconventional gas well impact
5 fee-equivalent calculation shall be \$25,000 for the
6 second calendar year following the year in which the
7 unconventional gas well is spud.

8 (ii) If the average annual price of natural gas is
9 greater than \$2.25 and less than \$3.00, the
10 unconventional gas well impact fee-equivalent calculation
11 shall be \$30,000 for the second calendar year following
12 the year in which the unconventional gas well is spud.

13 (iii) If the average annual price of natural gas is
14 greater than \$2.99 and less than \$5.00, the
15 unconventional gas well impact fee-equivalent calculation
16 shall be \$30,000 for the second calendar year following
17 the year in which the unconventional gas well is spud.

18 (iv) If the average annual price of natural gas is
19 greater than \$4.99 and less than \$6.00, the
20 unconventional gas well impact fee-equivalent calculation
21 shall be \$40,000 for the second calendar year following
22 the year in which the unconventional gas well is spud.

23 (v) If the average annual price of natural gas is
24 more than \$5.99, the unconventional gas well impact fee-
25 equivalent calculation shall be \$50,000 for the second
26 calendar year following the year in which the
27 unconventional gas well is spud.

28 (4) Years four, five, six, seven, eight, nine and ten:

29 (i) If the average annual price of natural gas is
30 not more than \$2.25, the unconventional gas well impact

1 fee-equivalent calculation shall be \$10,000 for the third
2 through ninth calendar years following the year in which
3 the unconventional gas well is spud.

4 (ii) If the average annual price of natural gas is
5 greater than \$2.25 and less than \$3.00, the
6 unconventional gas well impact fee-equivalent calculation
7 shall be \$15,000 for the third through ninth calendar
8 years following the year in which the unconventional gas
9 well is spud.

10 (iii) If the average annual price of natural gas is
11 greater than \$2.99, the unconventional gas well impact
12 fee-equivalent calculation shall be \$20,000 for the third
13 through ninth calendar years following the year in which
14 the unconventional gas well is spud.

15 (5) Years 11, 12, 13, 14 and 15:

16 (i) If the average annual price of natural gas is
17 less than \$3.00, the unconventional gas well impact fee-
18 equivalent calculation shall be \$5,000 for the 10th
19 through 14th calendar years following the year in which
20 the unconventional well is spud.

21 (ii) If the average annual price of natural gas is
22 greater than \$2.99, the unconventional gas well impact
23 fee-equivalent calculation shall be \$10,000 for the 10th
24 through 14th calendar years following the year in which
25 the unconventional well is spud.

26 (6) For purposes of this subsection, the unconventional
27 gas well impact fee-equivalent calculation shall be
28 determined using the average annual price of natural gas for
29 the calendar year in which the unconventional gas well impact
30 fee-equivalent is calculated.

1 (b.1) Nonproducing wells.--The following shall apply to spud
2 nonproducing wells:

3 (1) If a spud unconventional gas well is included under
4 the unconventional gas well impact fee-equivalent calculated
5 under this section and is subsequently capped or does not
6 produce natural gas in quantities greater than that of a
7 stripper well within two years, then the well shall not be
8 included in the calculation.

9 (2) The unconventional gas well impact fee-equivalent
10 shall be calculated for a calendar year during which the
11 unconventional gas well produces natural gas in quantities
12 greater than that of a stripper well.

13 (3) Each calendar year during which the unconventional
14 gas well impact fee-equivalent is not calculated shall not be
15 considered a calendar year following spud for purposes of
16 determining the amount of the calculation under subsection
17 (b).

18 (c) Annual adjustment.--

19 (1) Beginning January 1, 2015, the commission shall
20 annually adjust the unconventional gas well impact fee-
21 equivalent calculation amounts under subsection (b) to
22 reflect any upward changes in the Consumer Price Index for
23 all Urban Consumers for the Pennsylvania, New Jersey,
24 Delaware and Maryland area in the preceding 12 months and
25 shall immediately submit the adjusted amount to the
26 Legislative Reference Bureau for publication as a notice in
27 the Pennsylvania Bulletin.

28 (2) The unconventional gas well impact fee-equivalent
29 calculation shall be adjusted by multiplying the annual
30 unconventional gas well impact fee-equivalent calculation

1 amount by any percentage increase to the Consumer Price Index
2 for all Urban Consumers for the Pennsylvania, New Jersey,
3 Delaware and Maryland area, rounded to the nearest \$100.

4 (3) The resultant product shall be added to the
5 unconventional gas well impact fee-equivalent calculation
6 amount and the sum shall become the unconventional gas well
7 impact fee-equivalent calculation under subsection (b).

8 (4) The annual adjustment under this subsection shall
9 take effect if the total number of unconventional gas wells
10 spud in the adjustment year exceeds the total number of
11 unconventional gas wells spud in the prior year.

12 (d) Restimulated unconventional gas wells.--

13 (1) An unconventional gas well which after restimulation
14 qualifies as a stripper well shall not be subject to this
15 subsection.

16 (2) The year in which the restimulation occurs shall be
17 considered the first year of spudding for purposes of the
18 unconventional gas well impact fee-equivalent calculation
19 under this section if:

20 (i) a producer restimulates a previously stimulated
21 unconventional gas well following the tenth year after
22 being spud by:

23 (A) hydraulic fracture treatments;

24 (B) using additional multilateral well bores;

25 (C) drilling deeper into an unconventional
26 formation; or

27 (D) other techniques to expose more of the
28 formation to the well bore; and

29 (ii) the restimulation results in a substantial
30 increase in production.

1 (3) As used in this subsection, the term "substantial
2 increase in production" means an increase in production
3 amounting to more than 90,000 cubic feet of gas per day
4 during a calendar month.

5 (e) Cessation.--Calculations of the unconventional gas well
6 impact fee-equivalent shall cease upon certification to the
7 department by the producer that the unconventional gas well has
8 ceased production and has been plugged according to the
9 regulations established by the department.

10 (f) Vertical unconventional gas well impact fee-equivalent
11 calculation.--The unconventional gas well impact fee-equivalent
12 calculation for a vertical unconventional gas well shall be 20%
13 of the unconventional gas well impact fee-equivalent calculation
14 established in subsections (b) and (c), except that the
15 unconventional gas well impact fee-equivalent calculation under
16 subsection (b) (5) shall not apply.

17 § 2303. Administration.

18 (a) Costs of commission.--

19 (1) To pay for the actual costs of the commission to
20 administer and enforce this chapter, the commission may
21 include in its calculation of the unconventional gas well
22 impact fee-equivalent an annual administrative charge not to
23 exceed \$50 per spud unconventional gas well on each producer.

24 (2) Within 30 days of the effective date of this
25 chapter, the commission shall estimate its expenditures
26 through June 30, 2015, that will be directly attributable to
27 the administration and enforcement of this chapter.

28 (3) No later than June 30, 2016, and each June 30
29 thereafter, the commission shall estimate its expenditures
30 for the next fiscal year that will be directly attributable

1 to the administration and enforcement of this chapter.

2 § 2304. Well information.

3 (a) List.--Within 14 days of the effective date of this
4 section, the department shall provide the commission and, upon
5 request, a county, with a list of all spud unconventional gas
6 wells. The department shall update the list and provide it to
7 the commission on a monthly basis.

8 (b) Updates.--A producer subject to the unconventional gas
9 well impact fee-equivalent calculation shall notify the
10 commission of any of the following within 30 days after a
11 calendar month in which the change occurs:

12 (1) the spudding of an unconventional gas well;

13 (2) the initiation of production at an unconventional
14 gas well; or

15 (3) the removal of an unconventional gas well from
16 production.

17 § 2305. (Reserved).

18 § 2306. (Reserved).

19 § 2307. Commission and powers.

20 The commission shall have the authority to make all inquiries
21 and determinations necessary to calculate the unconventional gas
22 well impact fee-equivalent under this chapter.

23 § 2308. (Reserved).

24 § 2309. (Reserved).

25 § 2310. (Reserved).

26 § 2311. (Reserved).

27 § 2312. Recordkeeping.

28 A producer that falls under the unconventional gas well
29 impact fee-equivalent calculation under this chapter shall keep
30 records, make reports and comply with the regulations of the

1 commission. The commission may require a producer to make
2 reports, render statements or keep records as the commission
3 deems sufficient to determine the calculations.

4 § 2313. Examinations.

5 (a) Access.--The commission or its authorized agents or
6 representatives shall:

7 (1) Have access to the relevant books, papers and
8 records of any producer in order to verify the accuracy and
9 completeness of a report filed or unconventional gas well
10 impact fee-equivalent calculated under this chapter.

11 (2) Require the preservation of all relevant books,
12 papers and records for an appropriate period not to exceed
13 three years from the end of the calendar year to which the
14 records relate.

15 (3) Examine any employee of a producer under oath
16 concerning the severing of natural gas subject to the
17 unconventional gas well impact fee-equivalent calculation or
18 any matter relating to the enforcement of this chapter.

19 (4) Compel the production of relevant books, papers and
20 records and the attendance of all individuals who the
21 commission believes to have knowledge of relevant matters in
22 accordance with 66 Pa.C.S. (relating to public utilities).

23 (b) Unauthorized disclosure.--

24 (1) Any information obtained by the commission as a
25 result of any report, examination, investigation or hearing
26 under this chapter shall be confidential and shall not be
27 disclosed, except for official purposes, in accordance with
28 judicial order or as otherwise provided by law.

29 (2) A commissioner or an employee of the commission who
30 divulges confidential information without authorization shall

1 be subject to disciplinary action by the commission.

2 § 2314. Unconventional Gas Well Impact Fee Fund.

3 (a) Establishment.--The Unconventional Gas Well Impact Fund
4 is established in the State Treasury and shall be administered
5 by the commission.

6 (b) Deposit.--An amount equal to the unconventional gas well
7 impact fee-equivalent calculation shall be deposited into the
8 fund in accordance with Chapter 15 (relating to natural gas
9 drilling tax and investment) and shall be distributed in the
10 amounts and for the purposes set forth in this section.

11 (c) Conservation districts.--

12 (1) An amount equal to \$7,500,000 shall be distributed
13 from the fund to county conservation districts in accordance
14 with paragraphs (2) and (3).

15 (2) Beginning July 1, 2014, and each July 1 thereafter,
16 the amount distributed under paragraph (1) shall be increased
17 by any percentage increase in the Consumer Price Index for
18 All Urban Consumers for the most recent 12-month period for
19 which figures have been officially reported by the Bureau of
20 Labor Statistics immediately prior to July 1.

21 (3) Funds shall be distributed under this subsection in
22 accordance with the following:

23 (i) One-half shall be distributed by dividing the
24 amount equally among conservation districts for any use
25 consistent with the act of May 15, 1945 (P.L.547,
26 No.217), known as the Conservation District Law.

27 (ii) One-half shall be distributed by the State
28 Conservation Commission in a manner consistent with the
29 Conservation District Law and the provisions of the State
30 Conservation Commission's Conservation District Fund

1 Allocation Program—Statement of Policy under 25 Pa. Code
2 Ch. 83 Subch. B (relating to Conservation District Fund
3 Allocation Program—Statement of Policy).

4 (c.1) Additional distributions.--In addition to the
5 distribution under subsection (c), the fund shall be subject to
6 the following annual distributions:

7 (1) An amount equal to \$1,000,000 to the Pennsylvania
8 Fish and Boat Commission for costs relating to the review of
9 applications for permits to drill unconventional gas wells.

10 (2) An amount equal to \$1,000,000 to the Public Utility
11 Commission for costs to administer this chapter and 58
12 Pa.C.S. Ch. 33 (relating to local ordinances relating to oil
13 and gas operations).

14 (3) An amount equal to \$6,000,000 to the department for
15 the administration of this act and the enforcement of acts
16 relating to clean air and clean water.

17 (4) An amount equal to \$750,000 to the Pennsylvania
18 Emergency Management Agency for emergency response planning,
19 training and coordination related to natural gas production
20 from unconventional gas wells.

21 (5) An amount equal to \$750,000 to the Office of the
22 State Fire Commissioner for the development, delivery and
23 sustainment of training and grant programs for first
24 responders and the acquisition of specialized equipment for
25 response to emergencies relating to natural gas production
26 from unconventional gas wells.

27 (6) An amount equal to \$1,000,000 to the Department of
28 Transportation for rail freight assistance.

29 (c.2) Report.--All agencies or organizations receiving funds
30 under subsections (c) and (c.1) shall submit a report by

1 December 31, 2014, and December 31 of each year thereafter to
2 the Secretary of the Budget and the Appropriations Committee of
3 the Senate and the Appropriations Committee of the House of
4 Representatives. The report shall include an itemization and
5 explanation of the use of all funds received under subsections
6 (c) and (c.1)

7 (d) Distribution.--Following the distribution of funds under
8 subsections (c) and (c.1), 60% of the revenue remaining in the
9 fund from fees collected for the prior year shall be allocated
10 to counties and municipalities for purposes authorized under
11 subsection (g). Counties and municipalities are encouraged,
12 where appropriate, to jointly fund projects that cross
13 jurisdictional lines. The commission, after making a
14 disbursement under subsection (f), shall distribute the
15 remaining funds as follows within three months after the date
16 the fee is due:

17 (1) Thirty-six percent shall be distributed to counties
18 in which spud unconventional gas wells are located. The
19 amount to be distributed to each county shall be determined
20 using a formula that divides the number of spud
21 unconventional gas wells in the county by the number of spud
22 unconventional gas wells in this Commonwealth and multiplies
23 the resulting percentage by the amount available for
24 distribution under this paragraph.

25 (2) Thirty-seven percent shall be distributed to
26 municipalities in which spud unconventional gas wells are
27 located. The amount to be distributed for each municipality
28 shall be determined using a formula that divides the number
29 of spud unconventional gas wells in the municipality by the
30 number of spud unconventional gas wells in this Commonwealth

1 and multiplies the resulting percentage by the amount
2 available for distribution under this paragraph.

3 (3) Twenty-seven percent shall be distributed to
4 municipalities located in a county in which spud
5 unconventional gas wells are located. The amount available
6 for distribution in such municipalities shall be determined
7 by dividing the number of spud unconventional gas wells in
8 the county by the number of spud unconventional gas wells in
9 this Commonwealth and multiplying the resulting percentage by
10 the amount available for distribution under this paragraph.
11 The resulting amount available for distribution to each
12 municipality in the county shall be distributed as follows:

13 (i) Fifty percent of the amount available under this
14 paragraph shall be distributed to municipalities in which
15 spud unconventional gas wells are located and to
16 municipalities that are either contiguous with a
17 municipality in which spud unconventional gas wells are
18 located or are located within five linear miles of a spud
19 unconventional gas well. The distribution shall be made
20 as follows:

21 (A) One-half shall be distributed to each
22 municipality using a formula that divides the
23 population of the eligible municipality within the
24 county by the total population of all eligible
25 municipalities within the county and multiplies the
26 resulting percentage by the amount allocated to the
27 county under this subparagraph.

28 (B) One-half shall be distributed to each
29 municipality using a formula that divides the highway
30 mileage of the eligible municipality within the

1 county by the total highway mileage of all eligible
2 municipalities within the county and multiplies the
3 resulting percentage by the amount allocated to the
4 county under this subparagraph.

5 (ii) Fifty percent of the amount available under
6 this paragraph shall be distributed to each municipality
7 in the county, regardless of whether an unconventional
8 gas well is located in the municipality, as follows:

9 (A) One-half shall be distributed to each
10 municipality using a formula that divides the
11 population of the municipality within the county by
12 the total population of the county and multiplies the
13 resulting percentage by the amount allocated to the
14 county under this subparagraph.

15 (B) One-half shall be distributed to each
16 municipality using a formula that divides the highway
17 mileage of the municipality within the county by the
18 total highway mileage of the county and multiplies
19 the resulting percentage by the amount allocated to
20 the county under this subparagraph.

21 (e) Restriction.--The amount allocated to each municipality
22 under subsection (d) shall not exceed the greater of \$500,000 or
23 50% of the total budget for the prior fiscal year beginning with
24 the 2014 budget year and continuing every year thereafter, and
25 shall be adjusted to reflect any upward changes in the Consumer
26 Price Index for all Urban Consumers for the Pennsylvania, New
27 Jersey, Delaware and Maryland area in the preceding 12 months.
28 Any remaining money shall be retained by the commission and
29 transferred to the Housing Affordability and Rehabilitation
30 Enhancement Fund for the uses specified under subsection (f).

1 (f) Housing Affordability and Rehabilitation Enhancement
2 Fund.--

3 (1) From fees collected for 2012, and each year
4 thereafter, \$5,000,000 from the fund shall be distributed to
5 the Housing Affordability and Rehabilitation Enhancement Fund
6 under the act of November 23, 2010 (P.L.1035, No.105),
7 entitled "An act amending the act of December 3, 1959
8 (P.L.1688, No.621), entitled, as amended, 'An act to promote
9 the health, safety and welfare of the people of the
10 Commonwealth by broadening the market for housing for persons
11 and families of low and moderate income and alleviating
12 shortages thereof, and by assisting in the provision of
13 housing for elderly persons through the creation of the
14 Pennsylvania Housing Finance Agency as a public corporation
15 and government instrumentality; providing for the
16 organization, membership and administration of the agency,
17 prescribing its general powers and duties and the manner in
18 which its funds are kept and audited, empowering the agency
19 to make housing loans to qualified mortgagors upon the
20 security of insured and uninsured mortgages, defining
21 qualified mortgagors and providing for priorities among
22 tenants in certain instances, prescribing interest rates and
23 other terms of housing loans, permitting the agency to
24 acquire real or personal property, permitting the agency to
25 make agreements with financial institutions and Federal
26 agencies, providing for the purchase by persons of low and
27 moderate income of housing units, and approving the sale of
28 housing units, permitting the agency to sell housing loans,
29 providing for the promulgation of regulations and forms by
30 the agency, prescribing penalties for furnishing false

1 information, empowering the agency to borrow money upon its
2 own credit by the issuance and sale of bonds and notes and by
3 giving security therefor, permitting the refunding,
4 redemption and purchase of such obligations by the agency,
5 prescribing remedies of holders of such bonds and notes,
6 exempting bonds and notes of the agency, the income
7 therefrom, and the income and revenues of the agency from
8 taxation, except transfer, death and gift taxes; making such
9 bonds and notes legal investments for certain purposes; and
10 indicating how the act shall become effective,' providing for
11 the Pennsylvania Housing Affordability and Rehabilitation
12 Enhancement Program; and establishing the Housing
13 Affordability and Rehabilitation Enhancement Fund."

14 (2) Funds under paragraph (1) shall be allocated to
15 counties in which producing wells are located for the
16 following purposes:

17 (i) To provide support to projects that increase the
18 availability of quality, safe and affordable housing for
19 low-income and moderate-income individuals or families,
20 persons with disabilities and elderly persons.

21 (ii) To provide rental assistance to persons or
22 families whose household income does not exceed the area
23 median income.

24 (3) No less than 50% of the funds available under this
25 subsection shall be used in fifth, sixth, seventh and eighth
26 class counties.

27 (g) Use of funds.--A county or municipality receiving funds
28 under subsection (d) shall use the funds for the following
29 purposes associated with natural gas production from
30 unconventional gas wells within the county or municipality:

1 (1) Construction, reconstruction, maintenance and repair
2 of roadways, bridges and public infrastructure.

3 (2) Water, storm water and sewer systems, including
4 construction, reconstruction, maintenance and repair.

5 (3) Emergency preparedness and public safety, including
6 law enforcement and fire services, hazardous material
7 response, 911, equipment acquisition and other services.

8 (4) Environmental programs, including trails, parks and
9 recreation, open space, flood plain management, conservation
10 districts and agricultural preservation.

11 (5) Preservation and reclamation of surface and
12 subsurface waters and water supplies.

13 (6) Tax reductions, including homestead exclusions.

14 (7) Projects to increase the availability of safe and
15 affordable housing to residents.

16 (8) Records management, geographic information systems
17 and information technology.

18 (9) The delivery of social services.

19 (10) Judicial services.

20 (11) For deposit into the county's or municipality's
21 capital reserve fund if the funds are used solely for a
22 purpose set forth in this subsection.

23 (12) Career and technical centers for the training of
24 workers in the oil and gas industry.

25 (13) Local or regional planning initiatives under the
26 act of July 31, 1968 (P.L.805, No.247), known as the
27 Pennsylvania Municipalities Planning Code.

28 (h) Reporting.--

29 (1) The commission shall submit an annual report on all
30 moneys in the fund. The report shall include a detailed

1 listing of all deposits and expenditures of the fund and
2 shall be submitted to the following officers by December 30,
3 2014, and by September 30 of each year thereafter:

4 (i) The chairman and the minority chairman of the
5 Appropriations Committee of the Senate.

6 (ii) The chairman and the minority chairman of the
7 Environmental Resources and Energy Committee of the
8 Senate.

9 (iii) The chairman and the minority chairman of the
10 Appropriations Committee of the House of Representatives.

11 (iv) The chairman and the minority chairman of the
12 Environmental Resources and Energy Committee of the House
13 of Representatives.

14 (2) All counties and municipalities receiving funds
15 under this section shall submit information to the commission
16 on a form prepared by the commission that sets forth:

17 (i) the amount and use of the funds received in the
18 prior calendar year; and

19 (ii) that the funds received were committed to a
20 specific project or use as authorized in this section.

21 The reports shall be published annually on the county's or
22 municipality's publicly accessible Internet website.

23 (i) Availability of funds.--Distribution of funds under this
24 section and section 2315 (relating to Statewide initiatives) are
25 contingent on availability of moneys in the fund. If sufficient
26 funds are not available, the commission shall disburse funds on
27 a pro rata basis.

28 § 2315. Statewide initiatives.

29 (a) Establishment.--The Marcellus Legacy Fund is established
30 in the State Treasury.

1 (a.1) Deposit and distribution.--Following distribution
2 under section 2314(c) and (c.1) (relating to Unconventional Gas
3 Well Impact Fee Fund), 40% of the remaining revenue in the fund
4 shall be deposited into the Marcellus Legacy Fund and shall be
5 annually appropriated to the commission. Moneys in the fund
6 shall be distributed within three months after the date the fee
7 is due as follows:

8 (1) Twenty percent shall be disbursed to the
9 Commonwealth Financing Authority for grants to eligible
10 applicants for the following:

11 (i) Damage, abatement and cleanup and reclamation of
12 acid mines, with priority given to projects which recycle
13 and treat water for use in drilling operations.

14 (ii) Orphan or abandoned oil and gas well plugging.

15 (iii) Complying with the act of January 24, 1966
16 (1965 P.L.1535, No.537), known as the Pennsylvania Sewage
17 Facilities Act.

18 (iv) Planning acquisition, development,
19 rehabilitation and repair of greenways, recreational
20 trails, open space, parks and beautification projects.

21 (v) Programs to establish baseline water quality
22 data on private water supplies.

23 (vi) Watershed programs and related projects.

24 (vii) Up to 25% for flood-control projects.

25 (2) Ten percent to the Environmental Stewardship Fund.

26 (3) Twenty-five percent shall be transferred to the
27 Highway Bridge Improvement Restricted Account in the Motor
28 License Fund to provide payments to counties to fund the cost
29 of the replacement or repair of locally owned at-risk
30 deteriorated bridges. Funds shall be distributed to counties

1 proportionately based on the population of the county as
2 follows:

3 (i) In each county, the distribution shall be
4 according to the following formula:

5 (A) Divide:

6 (I) the total population of the county; by

7 (II) the total population of the

8 Commonwealth.

9 (B) Express the quotient under clause (A) as a
10 percentage.

11 (C) Multiply:

12 (I) the percentage under clause (B); by

13 (II) the amount of money to be distributed

14 under this paragraph.

15 (ii) Each county shall receive a minimum of \$40,000
16 to the extent funds are available.

17 (iii) The Department of Transportation shall release
18 money under this paragraph upon approval of a plan
19 submitted by a county or municipality to repair an at-
20 risk deteriorated bridge. The plan must include funding
21 for replacement or repair.

22 (iv) A county of the first or second class may
23 submit a plan to use its funds under this paragraph for
24 at-risk deteriorated bridges owned by a public
25 transportation authority.

26 (4) Twenty-five percent shall be disbursed for water and
27 sewer projects as follows:

28 (i) Fifty percent of the amount distributed under
29 this paragraph shall be allocated to the Pennsylvania
30 Infrastructure Investment Authority to be used in

1 accordance with the act of March 1, 1988 (P.L.82, No.16),
2 known as the Pennsylvania Infrastructure Investment
3 Authority Act.

4 (ii) Fifty percent of the amount allocated under
5 this paragraph shall be distributed to the H2O PA program
6 to be used by the Commonwealth Financing Authority in
7 accordance with section 301 of the act of July 9, 2008
8 (P.L.908, No.63), known as the H2O PA Act. The
9 prohibition on grants for projects located in a city or
10 county of the first or second class under section 301 of
11 the H2O PA Act shall not apply to funds distributed to
12 the H2O PA Program under this subparagraph.

13 (5) Fifteen percent shall be allocated for the planning,
14 acquisition, development, rehabilitation and repair of
15 greenways, recreational trails, open space, natural areas,
16 community conservation and beautification projects, community
17 and heritage parks and water resource management. Funds may
18 be used to acquire lands for recreational or conservation
19 purposes and land damaged or prone to drainage by storms or
20 flooding. Funds shall be distributed to counties
21 proportionately based on the population of the county as
22 follows:

23 (i) In each county, the distribution shall be
24 according to the following formula:

25 (A) Divide:

26 (I) the total population of the county; by

27 (II) the total population of the

28 Commonwealth.

29 (B) Express the quotient under clause (A) as a
30 percentage.

1 (C) Multiply:

2 (I) the percentage under clause (B); by

3 (II) the amount of funds available under

4 this paragraph.

5 (ii) Each county shall receive a minimum of \$25,000
6 to the extent funds are available.

7 (6) Five percent shall be distributed to:

8 (i) The Department of Community and Economic
9 Development for projects to provide for the planning,
10 development, remodeling, remediation and construction of
11 projects relating to oil, natural gas or other chemical
12 substances. Projects under this subparagraph may include
13 blending facilities to liquefy or refine natural gas or
14 to convert natural gas to ethane, propane or other
15 substances; facilities to refine oil; or facilities to
16 refine or process oil, heating oil, jet fuel or any other
17 chemical substance. After December 31, 2014, funds not
18 utilized by the Department of Community and Economic
19 Development under this subparagraph shall be deposited in
20 the Hazardous Sites Cleanup Fund.

21 (ii) The Hazardous Sites Cleanup Fund.

22 (b) Restriction on use of proceeds.--

23 (1) Funds distributed under subsection (a.1) shall not
24 be used for the purpose of public relations, outreach not
25 directly related to project implementation, communications,
26 lobbying or litigation.

27 (2) Funds distributed under subsection (a.1) may not be
28 used by an authorized organization as defined in 27 Pa.C.S. §
29 6103 (relating to definitions) for land acquisition unless
30 the authorized organization has obtained the written consent

1 of the county and municipality in which the land is situated.

2 (c) Coordination.--The department and the Department of
3 Conservation and Natural Resources shall review applications for
4 funding as requested by the Commonwealth Financing Authority and
5 provide recommendations on priority of projects and project
6 approval.

7 § 2316. Small business participation.

8 (a) Requirement.--Producers shall provide maximum
9 practicable contracting opportunities for diverse small
10 businesses.

11 (b) Duties.--Producers shall do all of the following:

12 (1) Maintain a policy prohibiting discrimination in
13 employment and contracting based on gender, race, creed or
14 color.

15 (2) Use the database available on the publicly
16 accessible Internet website of the Department of General
17 Services to identify certified diverse small businesses as
18 potential contractors, subcontractors and suppliers for
19 opportunities related to unconventional natural gas
20 extraction.

21 (3) Respond to the survey under subsection (c) within 90
22 days.

23 (c) Survey.--Within one year of the effective date of this
24 section, the Department of General Services shall send all
25 producers a survey to report the producers' efforts to provide
26 maximum practicable contracting opportunities related to
27 unconventional natural gas extraction for diverse small business
28 participation.

29 (d) Reports.--The Department of General Services shall
30 compile the results and submit an annual report to the State

1 Government Committee of the Senate and the State Government
2 Committee of the House of Representatives on the utilization of
3 diverse small business participation related to unconventional
4 natural gas extraction. The report shall be submitted no later
5 than 150 days after the Department of General Services
6 disseminated the survey to producers.

7 (e) Definition.--As used in this section, the term "diverse
8 small business" means any minority-owned business, women-owned
9 business and veteran-owned business as determined by the
10 Department of General Services.

11 § 2317. Applicability.

12 The provisions of this chapter shall not negate or limit the
13 responsibilities of any producer under this title, 74 Pa.C.S.
14 (relating to transportation) or 75 Pa.C.S. (relating to
15 vehicles).

16 Section 2. All acts and parts of acts are repealed insofar
17 as they are inconsistent with this act.

18 Section 3. This act shall take effect in 90 days.