
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 519 Session of
2015

INTRODUCED BY McGARRIGLE, GREENLEAF, PILEGGI, YUDICHAK, HUGHES,
RAFFERTY AND McILHINNEY, FEBRUARY 19, 2015

REFERRED TO ENVIRONMENTAL RESOURCES AND ENERGY,
FEBRUARY 19, 2015

AN ACT

1 Amending Title 58 (Oil and Gas) of the Pennsylvania Consolidated
2 Statutes, in unconventional gas well fee, further providing
3 for expiration of provisions; providing for the taxation of
4 natural gas extraction; and establishing the Severance Tax
5 for Education Fund.

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

8 Section 1. Section 2318 of Title 58 of the Pennsylvania
9 Consolidated Statutes is repealed:

10 [§ 2318. Expiration.

11 (a) Notice.--The Secretary of the Commonwealth shall, upon
12 the imposition of a severance tax on unconventional gas wells in
13 this Commonwealth, submit for publication in the Pennsylvania
14 Bulletin notice of the imposition.

15 (b) Date.--This chapter shall expire on the date of the
16 publication of the notice under subsection (a).]

17 Section 2. Title 58 is amended by adding a part to read:

18 PART IV

19 TAXATION

1 Chapter

2 51. Natural Gas Severance Tax

3 CHAPTER 51

4 NATURAL GAS SEVERENCE TAX

5 Sec.

6 5101. Definitions.

7 5102. Imposition of tax.

8 5103. Return and payment.

9 § 5101. Definitions.

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

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

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

22 "Producer." A person who engages or continues within this
23 Commonwealth in the business of severing natural gas for sale,
24 profit or commercial use. The term does not include a person who
25 severs natural gas from a storage field.

26 "Producing site." A point of severance capable of producing
27 natural gas in paying quantities.

28 "Reporting period." A calendar month in which natural gas is
29 severed.

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

1 "Sever." To extract or otherwise remove natural gas from the
2 soil or water of this Commonwealth.

3 "Severance." The extraction or other removal of natural gas
4 from the soil or water of this Commonwealth.

5 "Severing." Extracting or otherwise removing natural gas
6 from the soil or water of this Commonwealth.

7 "Unit." A thousand cubic feet of natural gas measured at the
8 wellhead at a temperature of 60 degrees Fahrenheit and an
9 absolute pressure of 14.73 pounds per square inch in accordance
10 with American Gas Association standards and according to Boyle's
11 Law for the measurement of gas under varying pressures with
12 deviations as follows:

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

17 (2) The temperature of the gas passing the meters shall
18 be determined by the continuous use of a recording
19 thermometer installed to properly record the temperature of
20 gas flowing through the meters. The arithmetic average of the
21 temperature recorded each 24-hour day shall be used in
22 computing gas volumes. If a recording thermometer is not
23 installed, or is installed and not operating properly, an
24 average flowing temperature of 60 degrees Fahrenheit shall be
25 used in computing gas volume.

26 (3) The specific gravity of the gas shall be determined
27 annually by tests made by the use of an Edwards or Acme
28 gravity balance or at intervals as found necessary in
29 practice. Specific gravity determinations shall be used in
30 computing gas volumes.

1 (4) The deviation of the natural gas from Boyle's Law
2 shall be determined by annual tests or at other shorter
3 intervals as found necessary in practice. The apparatus and
4 method used in making the test shall be in accordance with
5 the Report No. 3 of the Gas Measurement Committee of the
6 American Gas Association or recommendations of the National
7 Bureau of Standards or amendments to the report or
8 recommendations. The results of the tests shall be used in
9 computing the volume of gas delivered.

10 § 5102. Imposition of tax.

11 (a) Establishment.--Beginning July 1, 2015, a natural gas
12 severance tax shall be levied on every producer.

13 (b) Rate.--The tax shall be imposed at the rate of 4% of the
14 gross value of the units severed at the wellhead during a
15 reporting period.

16 § 5103. Return and payment.

17 (a) Requirement.--Every producer shall file a return with
18 the department, on a form prescribed by the department. The
19 return shall include all of the following:

20 (1) The number of natural gas units severed by the
21 producer for the reporting period.

22 (2) The number of producing sites used by the producer
23 for the severance of natural gas in each county and
24 municipality.

25 (3) The amount of tax due under section 5102 (relating
26 to imposition of tax).

27 (b) Filing.--The return required by subsection (a) shall be
28 filed with the department within 15 days following the end of a
29 reporting period. The first return shall be due August 15, 2015.

30 (c) Deadline.--The tax imposed under section 5102 shall be

1 due on the day the return is required to be filed and shall
2 become delinquent if not remitted to the department by that
3 date.

4 (d) Deposit into Severance Tax for Education Fund.--The tax
5 collected under section 5102 shall be deposited into the
6 Severance Tax for Education Fund, which is established in the
7 State Treasury.

8 Section 3. This act shall take effect immediately.