Here is a comparison of HB1950, SB1100, and HB 1800, as presented in one of the legislator's newsletters.

Please contact The Straight Scoop on Shale Drilling project to note any corrections to the information below.

Local Control/Zoning

Both HB 1950 and SB 1100 would enable a gas driller or anyone with a right to royalty payments to ask the state Attorney General whether an ordinance allows for "reasonable development" of oil and gas.

Specifics include:

- A municipality also could ask the AG to review an ordinance before it is implemented.
- The AG may bring action against a local government to halt an ordinance.
- Anyone harmed by an ordinance may bring action.
- If the AG, Commonwealth Court or Supreme Court determine that a zoning ordinance is unreasonable, the municipality is immediately ineligible for any impact fee revenue.

Local ordinances also must:

- Authorize gas operations – other than activities at impoundment areas, compressor stations and processing plants – as a permitted use.
- Allow well and pipeline assessments, including seismic operations.
- Authorize compressor stations as a permitted use in agricultural and industrial areas.
- Not impose limits on underground operations or hours of operation.

HB 1800 (dubbed the "ProtectPA" by its supporters) would not reduce municipalities' powers to regulate drilling.

Well Notification

SB 1100: 3,000 feet for surface owners and water suppliers

HB 1950: 2,500 feet

HB 1800: 5,000 feet

Marcellus Setbacks

SB 1100: 500-foot setback from private water wells

HB 1950: 1,000-foot setback

HB 1800: 1,500-foot setback

SB 1100 and HB 1950: 1,000-foot setback from a public water supply

HB 1800: 2,500-foot setback

Revenues per well/SB 1100

First year production: $50,000

Second year: $40,000

Third year: $30,000

Years four through 10: $20,000
Year 11 through 20: $10,000

No revenues after 20th year

SB 1100 is projected to raise $360,000 over the 50-year average life of a Marcellus Shale well, for an effective tax rate of 2.2 percent. **The average Marcellus Shale gas well in Pennsylvania is projected to generate $16 million over its life.**

<u>Revenues per well/HB 1950</u>

First year production: $40,000

Second year: $30,000

Third year: $20,000

Years four through 10: $10,000
No revenues after 10th year

HB 1950 is projected to collect $160,000 over the life of an average Marcellus Shale gas well, the equivalent of a 1 percent tax rate that depends on participation by counties.

(An industry-supported plan would raise 2.5-times more revenue.)

<u>Revenues/HB 1800</u>

<u>30-cents per 1,000 cubic feet</u>

<u>No set revenue lapse</u>

Based on updated production projections, HB 1800 would generate more than $831 million annually, beginning on July 1, 2012, an effective tax rate of about 6.6 percent.

<u>SB 1100 Local Distribution</u>

Off-the-top contributions to county Conservation Districts ($5 million annually), state Fire Commissioner for training and equipment grants ($1.5 million annually), and state Fish and Boat Commission ($1.5 million annually).

Fifty-five percent of remaining funding distributed to counties, including $5 million annually for housing affordability programs. Of the remaining amount, 36 percent to host counties, 37 percent to host municipalities and 27 percent to municipalities within host counties.

SB 1100 Statewide Distribution

Of the 45 percent to state initiatives, 25 percent of the amount would be directed to the Commonwealth Financing Authority for mine reclamation projects, orphaned/abandoned wells, compliance with Pa. Sewage Facilities Act, recreation, developing data on private water supplies and watershed programs.

Other SB 1100 statewide initiatives include:

- 25 percent for at-risk bridges.
- 25 percent to water and sewer projects, half to Pennvest, and half to Commonwealth Financing Authority.
- 5 percent to Hazardous Sites Cleanup fund.
- 15 percent for recreational and natural areas, open space, water management and heritage parks.
- 5 percent for three years for development, planning and construction of projects to liquefy natural gas or convert natural gas to ethane, propane and similar gasses. After five years, funding reverts to Hazardous Sites Cleanup fund.

HB 1950 Local Distribution

Participating host counties and its municipalities would receive 75 percent of the 1 percent fee – 36 percent is to be retained by the county, 37 percent to host municipalities and 27 percent to non-host municipalities.

HB 1950 State Distribution

Of the 25 percent allocation to the state:

- 70 percent to PennDOT for infrastructure.
- 10.5 percent annually up to $10 million to the DEP for regulation of unconventional wells and plugging abandoned/orphan wells.
- 7.5 percent to PUC up to $2 million for pipeline safety.
- 4.5 percent up to $2 million to PEMA for emergency response.
- 3.75 percent up to $2 million to the state Health Department for Marcellus-linked health issues.
- 3.75 percent up to $2 million to the state Fire Commission for response training/equipment.

HB 1800 Local Distribution

Counties with Marcellus wells would receive 35 percent of the volume-based tax. From that sum, 30 percent to host counties, 40 percent to host municipalities, 20 percent to municipalities within host counties and 10 percent to the PEMA.

HB 1800 State Distribution

Of the 65 percent allocation to the state:

■ 20 percent to Pennvest.

■ 15 percent to Growing Greener.

■ 10 percent to PennDOT.

■ 6 percent to Liquid Fuels Funds for statewide disbursement.

■ 3 percent each to Conservation District Fund and Fish & Boat Commission.

■ 2 percent each to Game Commission, LIHEAP, Hazardous Sites Cleanup and Environmental Disaster Recover Account.

■ No funding to unrestricted General Fund accounts.

An amendment to HB 1800 would cap revenue at $400 million and distribute the remainder to the Property Tax Relief Fund. By 2013-14, property tax relief would exceed $600 million. HB 1800 includes a tax credit for gas companies that hire Pennsylvanians.

Presumed pollution liability

■ SB 1100: 3,000 feet/12 months

■ HB 1950: 2,500 feet/12 months

■ HB 1800: 5,000 feet/12 months

Well Bonding

■ SB 1100: Starts at $10,000 maximum (25 or fewer wells).

■ HB 1950: Starts at $10,000 maximum well bonding for wells 6,000 feet deep.

■ HB 1800: Starts at $12,500 for wells over 5,000 feet deep.

Fines

■ SB 1100: $75,000 maximum penalty for civil violation, $5,000 daily penalty.

■ HB 1950: $50,000 maximum penalty for civil violation, $2,000 daily penalty.

■ HB 1800: $100,000 maximum penalty for civil violation, $10,500 daily penalty.

Fee Structure

■ SB 1100: Collected by the state Public Utility Commission.

■ HB 1950: County option.

■ HB 1800: Collected by state Revenue Department.

Growing Greener

■ SB 1100: No direct, dedicated funding.

■ HB 1950: 25 percent of total moneys from Oil and Gas Fund moneys collected by DCNR.

■ HB 1800: $51.45 million in first year.

Drilling on state land

■ SB 1100 and HB 1950: No moratorium on new drilling leases.

■ HB 1800: Two-year moratorium.

Source: publication distributed Jan 2012 by Rep. Camille "Bud" George's office.