Marcellus Shale Impact Fee Proposal
Office of the Governor

- Authorizes counties to impose a Shale Impact Fee upon passage of an ordinance
- Fee limited to unconventional wells (Marcellus, Utica and other shale resources)
- Highest fee shall be imposed in Year 1; reduced annual fees in subsequent years
- Fee per well shall not exceed:
  - Year 1 $40,000
  - Year 2 $30,000
  - Year 3 $20,000
  - Years 4-10 $10,000
- No fee shall be assessed if well production drops below 90 MCF/day
- Operators shall remit fee to county by March 1st of each year, to be retained in a restricted account and allocated according to law
- County may provide for a fee credit of up to 30% for approved investments in natural gas use infrastructure (i.e. natural gas fueling infrastructure or public transit vehicles)
- Fee revenue shall be allocated as follows:

  - 25% shall be remitted to the state and further allocated for the following purposes:

    - 4.5% to PEMA for emergency response planning, training and coordination and other emergency response activities associated with shale development. (Cap at $2 million)
    - 3.75% to Office of State Fire Commissioner for development, delivery and sustainment of training programs for first

responders and acquisition of specialized equipment necessary for emergency response. (Cap at $2 million)

- 3.75% to Dept. of Health for collecting and disseminating information, preparing and conducting health care and citizen provider outreach and education, investigating health complaints and other activities associated with shale development. (Cap at $2 million)
- 7.5% to the Public Utility Commission for the enhancement, inspection and enforcement of pipeline standards as required by law related to the safe transport of gas and hazardous liquids. (Cap at $2 million)
- 10.5% to DEP's restricted account for plugging of abandoned and orphaned oil and gas legacy wells and administration and enforcement of oil and gas program and other permits related to natural gas development (ie water impoundments, air permitting, etc.). (Cap at $10 million)
- 70% to PENNDOT for road and bridge maintenance and repair, rail and other transportation infrastructure improvements within counties hosting unconventional natural gas development. (Balance of funds)

- 75% shall be retained at the local level and further allocated for eligible uses as follows:
  - 36% retained by county
  - 37% distributed to host municipalities
  - 27% (no more than) distributed to all municipalities within a host county, utilizing a formula based on population and highway miles

- "Eligible uses" by counties and municipalities – related to impacts from natural gas development – include:
    - Construction, repair and maintenance of roads, bridges and other public infrastructure;
    - Water, storm water and sewer system construction and repair;
    - Emergency response preparedness, training, equipment, responder recruitment;
    - Preservation and reclamation of surface and subsurface water supplies;
    - Records management, geographic information systems and information technology
    - Projects which increase the availability of affordable housing to low-income residents;
    - Delivery of social services, including domestic relations, drug and alcohol treatment, job training and counseling;
    - Offsetting increased judicial system costs, including training and processing;
    - Assistance to county conservation districts for inspection, oversight and enforcement of natural gas development;
    - County or municipal planning.
- Counties and municipalities shall publish annual reports on the amount expended, purpose and relationship to natural gas drilling conducted in the prior year and post the reports online.