



# **New Manager Training Bootcamp**

## **The Unconventional Gas Well Impact Fee Act Act 13 of 2012**

### **“Background and Distribution of Funds”**

Office of Water Resources Planning  
Conservation District Support Section

June 18-20, 2019

Tom Wolf, Governor

Patrick McDonnell, Secretary

# Act 13 – Impact Fee Legislation

- Signed into law Feb. 14, 2012
- Imposes drilling impact fee on producers with spudded unconventional gas wells
- Provides for distribution of the fee to local and state governments for specific purposes

# PUC's Responsibilities

- PUC Collection and Disbursement:
  - The PUC is responsible for collection and distribution of the impact fees
  - The PUC collects fees from producers by April 1 of each year
  - The PUC disburses fees to state/local government by July 1 of each year

# Calculation of Fees

- Fee for each producer is based on two criteria:
  - A 15-year fee schedule in the law that is based on average annual price of natural gas
    - Vertical unconventional wells pay 20% of horizontal well fee
    - Unconventional wells that produce  $< 90,000 \text{ ft}^3/\text{day}$  don't pay the fee
  - The number of spud (drilled) unconventional gas wells for prior calendar year

# 2017 Unconventional Gas Well Fee Schedule

Year	\$0.00 - \$2.25/Mcf	\$2.26 - \$2.99/Mcf	\$3.00 - \$4.99/Mcf	\$5.00 - \$5.99/Mcf	\$6.00/Mcf or higher
1	\$40,500.00	\$45,700.00	\$50,700.00	\$55,700.00	\$60,900.00
2	\$30,400.00	\$35,500.00	\$40,500.00	\$45,700.00	\$55,700.00
3	\$25,400.00	\$30,400.00	\$30,400.00	\$40,500.00	\$50,700.00
4	\$10,200.00	\$15,200.00	\$20,300.00	\$20,300.00	\$20,300.00
5	\$10,200.00	\$15,200.00	\$20,300.00	\$20,300.00	\$20,300.00
6	\$10,200.00	\$15,200.00	\$20,300.00	\$20,300.00	\$20,300.00
7	\$10,200.00	\$15,200.00	\$20,300.00	\$20,300.00	\$20,300.00
8	\$10,200.00	\$15,200.00	\$20,300.00	\$20,300.00	\$20,300.00
9	\$10,200.00	\$15,200.00	\$20,300.00	\$20,300.00	\$20,300.00
10	\$10,200.00	\$15,200.00	\$20,300.00	\$20,300.00	\$20,300.00
11	\$5,000.00	\$5,000.00	\$10,200.00	\$10,200.00	\$10,200.00
12	\$5,000.00	\$5,000.00	\$10,200.00	\$10,200.00	\$10,200.00
13	\$5,000.00	\$5,000.00	\$10,200.00	\$10,200.00	\$10,200.00
14	\$5,000.00	\$5,000.00	\$10,200.00	\$10,200.00	\$10,200.00
15	\$5,000.00	\$5,000.00	\$10,200.00	\$10,200.00	\$10,200.00

# Fee Distribution

- Fees are collected and deposited into the Unconventional Gas Well Fund and distributed to the following three priorities:
  - “Off the Top” State Allocations - Earmarks for state agencies to offset the statewide impact of drilling
  - Local Government Distribution - 60% of the remaining funds are allocated to counties and municipalities with wells
  - Statewide Initiatives – The remaining 40% is allocated for statewide initiatives with potential local impacts and value

# 2017 “Off The Top” State Allocations

## The Unconventional Gas Well Fund

- Program/Department

– PUC Block Grant to CCDs/SCC Distribution to CCDs	\$7,750,000
• PUC Block Grant: \$3,875,000 – CD Law (Act 217 of 1945)	
• SCC Distribution: \$3,875,000 – CD Law & CDFAP SOP	
– Pennsylvania Fish & Boat Commission	\$1,000,000
– Public Utility Commission (PUC)	\$1,000,000
– Dept. of Environmental Protection (DEP)	\$6,000,000
– PA Emergency Management Agency (PEMA)	\$750,000
– Office of State Fire Commissioners	\$750,000
– PA Dept. of Transportation (PennDOT)	\$1,000,000

TOTAL \$18,250,000

# 2017 Local Government Distribution

## Unconventional Gas Well Fund

- 60% (\$114,784,380) of the remainder is distributed as follows:
  - 36% to counties with wells
  - 37% to municipalities with wells
  - 27% to municipalities in counties with wells



# 2017 Statewide Initiatives

## Marcellus Legacy Fund

- 40% (\$76,522,920) creates the Marcellus Legacy Fund distributed as follows:
  - Commonwealth Financing Authority 20%
  - Environmental Stewardship Fund 10%
  - Highway Bridge Improvement Fund 25%
  - PennVEST and H2O Program 25%
  - Environmental Initiatives 15%
  - Depart. of Community & Economic Development 5%

# Payment and Distribution Information

- PUC's Website: [www.puc.pa.gov](http://www.puc.pa.gov) – Act 13 page
  - Act 13
  - Overall Breakdown of Impact Fee Money
  - Local Government Impact Fee Distributions
  - Unconventional Gas Wells Subject to the Fee
  - Impact Fee Payments
  - Fee Schedule
  - Program Summarizing Producers, Well Counts, Payments, Disbursements, Mileage, Populations



# Questions?

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