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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE RESOLUTION

No. 131 Session of  
2023

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INTRODUCED BY STEELE, HILL-EVANS, MADDEN, KHAN, WARREN, SANCHEZ,  
PROBST, FRIEL, MALAGARI, BOROWSKI, PIELLI, SCOTT, VITALI,  
KENYATTA, HOHENSTEIN, SHUSTERMAN, TAKAC, D. WILLIAMS,  
SALISBURY, DONAHUE, SAPPEY AND CEPEDA-FREYTIZ, MAY 31, 2023

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REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,  
MAY 31, 2023

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A RESOLUTION

1 Directing the Legislative Budget and Finance Committee to  
2 conduct a study to determine the amount of revenue that  
3 Pennsylvania may have collected since the enactment of Act 13  
4 of 2012 if the Commonwealth implemented a severance tax.

5 WHEREAS, A large portion of the Marcellus Shale Basin, a  
6 stretch of sedimentary rock several thousand feet underground,  
7 over 400 million years old and containing a huge source of  
8 natural gas and oil, sits within Pennsylvania's borders; and

9 WHEREAS, The Marcellus Shale is stretched amongst several  
10 states, including New York, the western region of Maryland and  
11 West Virginia, as well as the far eastern regions of Ohio,  
12 Kentucky and Tennessee; and

13 WHEREAS, Since the early 1800s, Pennsylvania has been home to  
14 nearly 40,000 active natural gas wells while approximately 4,000  
15 new wells are drilled each year; and

16 WHEREAS, On February 14, 2012, the Pennsylvania Legislature  
17 passed Act 13 of 2012 to establish impact fees for oil and gas

1 drilling in the State; and

2 WHEREAS, Impact fees are collected from oil and gas drilling  
3 companies based on the number of new wells drilled, whereas  
4 severance taxes are based on the amount of natural gas extracted  
5 from wells; and

6 WHEREAS, Second only to Texas in production, Pennsylvania is  
7 the largest natural-gas-producing State in the United States  
8 that does not impose a severance tax on new or current  
9 unconventional gas wells; and

10 WHEREAS, In 2022, Pennsylvania accounted for 19% of marketed  
11 natural gas production in the United States; and

12 WHEREAS, Pennsylvania's marketed natural gas production was  
13 at an annual high of 20.9 billion cubic feet per day (Bcf/d) in  
14 2021 and averaged 20.5 Bcf/d in 2022; and

15 WHEREAS, Although the number of horizontal wells increased  
16 from 4,022 in 2011 to 11,164 in 2022, and the amount of gas  
17 produced increased from 1,066 billion cubic feet in 2011 to an  
18 estimated 7,600 in 2022, the revenue income to the State did not  
19 increase; and

20 WHEREAS, Impact fee revenue has hovered between \$146 million  
21 and \$274 million per year and has not steadily increased in the  
22 same way gas production has increased since 2011; therefore be  
23 it

24 RESOLVED, That the House of Representatives direct the  
25 Legislative Budget and Finance Committee to conduct a study to  
26 determine the amount of revenue Pennsylvania may have collected  
27 since the enactment of Act 13 of 2012 if the Commonwealth  
28 implemented a severance tax and submit a report with its  
29 findings to the General Assembly within one year of the adoption  
30 of this resolution; and be it further

1       RESOLVED, That, at a minimum, the report include all of the  
2 following information:

3           (1) The severance tax rates imposed and the years  
4 imposed in other states.

5           (2) The amount of natural gas and derivatives of natural  
6 gas extracted from Pennsylvania since the enactment of Act 13  
7 of 2012.

8           (3) The amount of revenue generated by the impact fee,  
9 per year, and the total, since the enactment of Act 13 of  
10 2012.

11           (4) An estimate, with the calculation method, of the  
12 amount of revenue Pennsylvania may have generated if the  
13 Commonwealth had implemented a severance tax in 2012.