
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 468 Session of
2019

INTRODUCED BY TOMLINSON, HAYWOOD, SANTARSIERO AND SCHWANK,
MARCH 21, 2019

REFERRED TO ENVIRONMENTAL RESOURCES AND ENERGY, MARCH 21, 2019

AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An
2 act relating to tax reform and State taxation by codifying
3 and enumerating certain subjects of taxation and imposing
4 taxes thereon; providing procedures for the payment,
5 collection, administration and enforcement thereof; providing
6 for tax credits in certain cases; conferring powers and
7 imposing duties upon the Department of Revenue, certain
8 employers, fiduciaries, individuals, persons, corporations
9 and other entities; prescribing crimes, offenses and
10 penalties," providing for a natural gas severance tax; and
11 repealing expiration provision relating to unconventional gas
12 well fees.

13 The General Assembly of the Commonwealth of Pennsylvania
14 hereby enacts as follows:

15 Section 1. The act of March 4, 1971 (P.L.6, No.2), known as
16 the Tax Reform Code of 1971, is amended by adding an article to
17 read:

18 ARTICLE X-A

19 NATURAL GAS SEVERANCE TAX

20 Section 1001-A. Definitions.

21 The following words and phrases when used in this article
22 shall have the meanings given to them in this section unless the
23 context clearly indicates otherwise:

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

2 "Natural gas." A fossil fuel consisting of a mixture of
3 hydrocarbon gases, primarily methane, possibly including ethane,
4 propane, butane, pentane, carbon dioxide, oxygen, nitrogen and
5 hydrogen sulfide and other gas species. The term includes
6 natural gas from oil fields known as associated gas or casing
7 head gas, natural gas fields known as nonassociated gas, coal
8 beds, shale beds and other formations. The term does not include
9 coal bed methane.

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

14 "Producing site." A point of severance capable of producing
15 natural gas in paying quantities.

16 "Reporting period." A calendar month in which natural gas is
17 severed.

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

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

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

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

30 (1) The average absolute atmospheric pressure shall be

1 assumed to be 14.4 pounds to the square inch, regardless of
2 elevation or location of point of delivery above sea level or
3 variations in atmospheric pressure from time to time.

4 (2) The temperature of the gas passing the meters shall
5 be determined by the continuous use of a recording
6 thermometer installed to properly record the temperature of
7 gas flowing through the meters. The arithmetic average of the
8 temperature recorded each 24-hour day shall be used in
9 computing gas volumes. If a recording thermometer is not
10 installed, or is installed and not operating properly, an
11 average flowing temperature of 60 degrees Fahrenheit shall be
12 used in computing gas volume.

13 (3) The specific gravity of the gas shall be determined
14 annually by tests made by the use of an Edwards or Acme
15 gravity balance or at intervals as found necessary in
16 practice. Specific gravity determinations shall be used in
17 computing gas volumes.

18 (4) The deviation of the natural gas from Boyle's Law
19 shall be determined by annual tests or at other shorter
20 intervals as found necessary in practice. The apparatus and
21 method used in making the test shall be in accordance with
22 the Report No. 3 of the Gas Measurement Committee of the
23 American Gas Association or recommendations of the National
24 Bureau of Standards or amendments to the report or
25 recommendations. The results of the tests shall be used in
26 computing the volume of gas delivered.

27 Section 1002-A. Imposition of tax.

28 (a) Establishment.--Beginning January 1, 2020, a natural gas
29 severance tax shall be levied on every producer.

30 (b) Rate.--For the 2020 calendar year and each calendar year

1 thereafter, the tax shall be imposed on the gross value of the
2 units severed at the wellhead during a reporting period at a
3 rate of 5%.

4 Section 1003-A. Return and payment.

5 (a) Requirement.--A producer shall file a return with the
6 department, on a form prescribed by the department. The return
7 shall include all of the following:

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

10 (2) The number of producing sites used by the producer
11 for the severance of natural gas in each county and
12 municipality.

13 (3) The amount of tax due under section 1002-A.

14 (b) Filing.--The return required by subsection (a) shall be
15 filed with the department within 15 days following the end of a
16 reporting period. The first return shall be due February 15,
17 2020.

18 (c) Deadline.--The tax imposed under section 1002-A shall be
19 due on the day the return is required to be filed and shall
20 become delinquent if not remitted to the department by that
21 date.

22 (d) Restricted receipts account.--The tax revenues collected
23 under this article shall be deposited into a restricted receipts
24 account in the General Fund. Funds in the account shall be
25 appropriated solely to offset the unfunded liability of the
26 State Employees' Retirement System and the Public School
27 Employees' Retirement System. The money in the account may be
28 used to secure bonds to accomplish the offset under this
29 subsection.

30 Section 2. Repeals are as follows:

1 (1) The General Assembly declares that the repeal under
2 paragraph (2) is necessary to effectuate the addition of
3 Article X-A of the act.

4 (2) The provisions of 58 Pa.C.S. § 2318 are repealed.
5 Section 3. This act shall take effect in 60 days.