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TO: Members, Pennsylvania Senate and House

FROM: Douglas E. Hill, Executive Director

SUBJECT: Support Conference Committee Report on HB 1950

DATE: February 6, 2012

On behalf of the County Commissioners Association of Pennsylvania (CCAP), representing all 67 counties in the commonwealth, I write to ask for your support of the conference committee report on House Bill 1950. The bill includes provisions counties have sought, including meaningful revenues and a meaningful local share, a workable levy and administrative mechanism, the distribution formula we have sought, allowable uses that meet the broad and divergent needs of impacted counties and their municipalities, additional funding to counties from state shares to provide for bridge repair and replacement and for greenways, and allocation of funding proceeds statewide to conservation districts and some environmental programs.

House Bill 1950 would authorize counties with unconventional shale drilling to levy an impact fee, which would then be administered by the Public Utility Commission. A base fee of \$45,000 to \$60,000, depending on the price of natural gas, would be imposed on each bore hole in the first year of drilling, with a declining scale and modified by price factors and inflation over a 15-year period. The bill earmarks a portion of the fee to a statewide distribution for conservation districts, the Pennsylvania Fish and Boat Commission, the Public Utility Commission, the Department of Environmental Protection, the Pennsylvania Emergency Management Agency, the Department of Transportation, and the State Fire Commissioner, and then sets aside 60% of the remaining proceeds for impacted local governments. Counties and municipalities are permitted to use funds for highway and bridge infrastructure, emergency management, public safety, records management and GIS systems, affordable housing, water, sewer and storm water infrastructure, environmental programs including agricultural preservation and recreation, and tax reductions and homestead exclusions.

CCAP supports the conference committee report on House Bill 1950, which meets the needs our members have expressed for funding to address local impacts resulting from exploration and development of Marcellus Shale and other natural gas reserves. Counties very much appreciate the work that has gone into putting together this compromise legislation, and the efforts that have been made by

legislative leaders and the Administration to involve local governments throughout this process.

We appreciate your consideration of these comments, and ask that Senators and Representatives support the conference committee report on House Bill 1950. Please contact us if you have questions or need additional information.

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