
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1601 Session of
2017

INTRODUCED BY HANNA, GODSHALL, GAINNEY, CALTAGIRONE, D. COSTA,
THOMAS, ROZZI, MADDEN, GOODMAN, BARBIN, STURLA AND COMMITTA,
JUNE 22, 2017

REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,
JUNE 22, 2017

AN ACT

1 Amending Title 58 (Oil and Gas) of the Pennsylvania Consolidated
2 Statutes, in Oil and Gas Lease Fund, further providing for
3 definitions, establishing the Public Natural Resources Trust
4 Fund and further providing for funds; and making related
5 repeals.

6 The General Assembly of the Commonwealth of Pennsylvania
7 hereby enacts as follows:

8 Section 1. Section 2501 of Title 58 of the Pennsylvania
9 Consolidated Statutes is amended by adding a definition to read:

10 § 2501. Definitions.

11 The following words and phrases when used in this chapter
12 shall have the meanings given to them in this section unless the
13 context clearly indicates otherwise:

14 * * *

15 "Trust fund." The Public Natural Resources Trust Fund
16 established in section 2502 (relating to Public Natural
17 Resources Trust Fund).

18 Section 2. Sections 2502 and 2505 of Title 58 are amended to

1 read:

2 § 2502. [(Reserved).] Public Natural Resources Trust Fund.

3 (a) Establishment.--The Public Natural Resources Trust Fund
4 is established as a special fund in the State Treasury.

5 (b) Revenue sources.--In addition to the transfers
6 authorized in paragraph (1), the trust fund shall include money
7 appropriated by the General Assembly, money received from the
8 Federal Government and grants or donations from other sources.
9 Interest and any other earnings shall remain in the trust fund.
10 Gifts and donations of marketable securities may be held or
11 disposed of for cash at the option of the State Treasurer. The
12 cash receipts of gifts and donations of cash or capital assets
13 and marketable securities disposed of for cash must be credited
14 immediately to the principal of the trust fund. When marketable
15 securities are disposed of for cash, the amount to be credited
16 to the trust fund shall be the value of the marketable
17 securities at the time of the gift or donation. The following
18 apply:

19 (1) Beginning with the 2017-2018 fiscal year and every
20 year thereafter, all rents and royalties paid into the Oil
21 and Gas Lease Fund in excess of \$70,000,000 shall be
22 transferred to the trust fund.

23 (2) Disbursements from the trust fund shall be made only
24 when the balance of the trust fund exceeds \$700,000,000.

25 (c) Balance.--Money in the trust fund not expended or
26 distributed in the fiscal year in which they were made available
27 shall not lapse and shall be available for use pursuant to this
28 section in the next fiscal year.

29 (d) Disposition.--

30 (1) For fiscal year 2017-2018 through the fiscal year

1 following the fiscal year in which the principal of the trust
2 fund exceeds \$700,000,000, of the remaining rents and
3 royalties paid into the Oil and Gas Lease Fund after any
4 transfer under subsection (b) (1):

5 (i) The department shall allocate 57% as follows:

6 (A) Forty percent for the department's community
7 recreation and conservation program for grant funding
8 of projects that meet the purposes set forth in
9 subsection (e).

10 (B) Sixty percent for use by the department for
11 projects on State park and State forest land that
12 meet the purposes set forth in subsection (e).

13 (ii) Forty-three percent shall be transferred to the
14 Environmental Stewardship Fund, of which:

15 (A) Sixty-five percent shall be for use by the
16 Department of Environmental Protection for projects
17 that meet the purposes set forth in subsection (e).

18 (B) Thirty-five percent shall be for use by the
19 Department of Agriculture for farmland preservation
20 projects, not to exceed \$15,000,000 in a fiscal year.

21 (2) For the fiscal year following the fiscal year in
22 which the principal of the trust fund exceeds \$700,000,000
23 and each fiscal year thereafter, the department may allocate
24 from the trust fund an amount up to the amount of interest
25 income derived from investment of money in the trust fund
26 during the preceding fiscal year. The allocation under this
27 paragraph is subject to the State Treasurer certifying in the
28 financial report required under subsection (h) that making
29 the allocation will not reduce the principal of the trust
30 fund.

1 (3) The department shall allocate the money available
2 under paragraph (2) in the same proportion as amounts
3 allocated under paragraph (1).

4 (4) A disposition of money under this subsection that is
5 inconsistent with the provisions of paragraph (1), (2) or (3)
6 may be made through approval of a separate appropriations
7 bill by a vote of two-thirds of the members elected to the
8 Senate and the House of Representatives.

9 (e) Purposes.--The money in the trust fund may only be used
10 for the following purposes:

11 (1) Public land conservation.

12 (2) Public recreation.

13 (3) Watershed protection.

14 (4) Acid mining drainage abatement and maintenance and
15 operation of existing acid mining drainage projects.

16 (5) Heritage area projects.

17 (6) Conservation landscape initiatives of the
18 department.

19 (7) Farmland preservation.

20 (8) Greenways.

21 (9) Green infrastructure for flood mitigation.

22 (10) Reforestation and urban canopy projects.

23 (11) Abandoned well plugging.

24 (12) Habitat restoration.

25 (13) Monitoring and mitigation of impacts or damage to
26 State land caused by activity related to oil and gas
27 development.

28 (14) Acquisition of replacement land and buffers to
29 offset or prevent harm to State land caused by activity
30 related to oil and gas development.

1 (15) Acquisition of oil, gas and other mineral rights
2 located under State land.

3 (16) Educational programming by the department and grant
4 recipients of the department, with a focus on science-based
5 natural resource conservation.

6 (17) Scientific research related to the other purposes
7 listed under this subsection.

8 (18) The annual audit required under subsection (j).

9 (19) The trust fund reports required under this section.

10 (f) Limitation.--Money in the trust fund may not be used to
11 fund maintenance or operating expenses, unless the expenses are
12 directly related to acid mining drainage projects existing as of
13 the effective date of this subsection.

14 (g) Supplemental funding.--Money in the trust fund shall
15 supplement funding from the General Fund, including the sources
16 of funding for the purposes listed in subsection (e). Money in
17 the trust fund may not be used to supplant existing General Fund
18 appropriations to the department or to any other agency of the
19 Commonwealth.

20 (h) Financial report.--The State Treasurer shall complete
21 and submit an annual financial report of the trust fund to the
22 Governor, the Attorney General and the Auditor General. The
23 report shall be submitted within 30 days of the end of the first
24 full fiscal year following the effective date of this subsection
25 and within 30 days of the end of each fiscal year thereafter.

26 The report shall contain the following:

27 (1) A statement of the principal then held in the trust
28 fund and any changes in the principal since the report of the
29 prior fiscal year.

30 (2) A statement of the trust fund income received during

1 the fiscal year in question.

2 (3) A statement of the investments then held in the
3 trust fund, including descriptions and respective values of
4 the investments.

5 (4) Any other information determined by the State
6 Treasurer to reflect a full and complete disclosure of the
7 financial operations of the trust fund.

8 (i) Expenditure report.--The department shall complete and
9 submit an annual report of the expenditures authorized in
10 subsection (d) to the Governor, the Attorney General and the
11 chairperson and minority chairperson of the Environmental
12 Resources and Energy Committee of the Senate and the chairperson
13 and minority chairperson of the Environmental Resources and
14 Energy Committee of the House of Representatives. The report
15 shall be submitted within 45 days of the end of the first fiscal
16 year following the effective date of this subsection and within
17 45 days of the end of each fiscal year thereafter. The
18 department shall post and maintain each report on the
19 department's publicly accessible Internet website. The report
20 shall contain the following:

21 (1) For fiscal year 2017-2018 through the fiscal year
22 following the fiscal year in which the principal of the trust
23 fund exceeds \$700,000,000:

24 (i) A description and accounting of all expenditures
25 and distributions from the Oil and Gas Lease Fund for the
26 preceding fiscal year.

27 (ii) An outline of the objectives and planned
28 expenditures from the Oil and Gas Lease Fund for the next
29 fiscal year.

30 (2) For the fiscal year following the fiscal year in

1 which the principal of the trust fund exceeds \$700,000,000
2 and each fiscal year thereafter:

3 (i) A description and accounting for all
4 expenditures and distributions by the trust fund for the
5 preceding fiscal year.

6 (ii) An outline of the objectives and planned
7 expenditures from the trust fund for the next fiscal
8 year.

9 (j) Audit.--The Auditor General shall perform an audit of
10 the trust fund each fiscal year. Costs of the audit shall be
11 paid out of the trust fund.

12 (k) Public information.--Information in the possession of
13 the department, the Treasury Department, the Department of
14 Environmental Protection and the Department of Agriculture
15 relating to the trust fund shall be considered a public record
16 under the act of February 14, 2008 (P.L.6, No.3), known as the
17 Right-to-Know Law.

18 § 2505. Funds.

19 (a) [Priority.--Funds appropriated from the Oil and Gas
20 Lease Fund to the department under the act of April 9, 1929
21 (P.L.343, No.176), known as The Fiscal Code, or other
22 appropriation act shall be distributed prior to allocations
23 under subsection (b).] (Reserved).

24 (b) Allocations.--Money in the Oil and Gas Lease Fund shall
25 be allocated on an annual basis as follows:

26 (1) The following amounts shall be transferred from the
27 Oil and Gas Lease Fund to the Marcellus Legacy Fund for
28 distribution to the Environmental Stewardship Fund:

29 (i) For 2013, \$20,000,000.

30 (ii) For 2014 [and each year thereafter], 2015, 2016

1 and 2017, \$35,000,000.

2 (2) The following amounts shall be transferred from the
3 Oil and Gas Lease Fund to the Marcellus Legacy Fund for
4 distribution to the Hazardous Sites Cleanup Fund:

5 (i) For 2015, \$5,000,000.

6 (ii) For 2016 [and each year thereafter] and 2017,
7 \$15,000,000.

8 (3) As provided in section 2502(d) (relating to Public
9 Natural Resources Trust Fund).

10 (4) In the fiscal year following the fiscal year in
11 which the principal of the trust fund exceeds the amount set
12 forth in section 2502(d)(2) and each fiscal year thereafter,
13 all money in the Oil and Gas Lease Fund shall be appropriated
14 to the department as authorized under the act of December 15,
15 1955 (P.L.865, No.256), entitled "An act requiring rents and
16 royalties from oil and gas leases of Commonwealth land to be
17 placed in a special fund to be used for conservation,
18 recreation, dams, and flood control; authorizing the
19 Secretary of Forests and Waters to determine the need for and
20 location of such projects and to acquire the necessary land."

21 Section 3. Repeals are as follows:

22 (1) The General Assembly declares that the repeals under
23 paragraph (2) are necessary to effectuate the following:

24 (i) The addition of the definition of "trust fund"
25 in 58 Pa.C.S. § 2501.

26 (ii) The amendment of 58 Pa.C.S. § 2502.

27 (iii) The amendment of 58 Pa.C.S. § 2505.

28 (2) Sections 1601.1-E, 1602-E and 1603-E of the act of
29 April 9, 1929 (P.L.343, No.176), known as The Fiscal Code,
30 are repealed.

1 Section 4. This act shall take effect immediately.