

FISCAL NOTE

June 12, 2019

Bill No:	SB 305	Printer's No:	283	Sponsor:	Baker (R)
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COST / (SAVINGS)

Fund (s)	2018-19	2019-20
General Fund	See "FISCAL IMPACT"	See "FISCAL IMPACT"

SUMMARY: SB 305 creates the Delaware River Basin Eminent Domain Activity Act, which mandates that a ban on hydraulic fracturing in the relevant counties constitutes an exercise of the power of eminent domain.

ANALYSIS: SB 305 establishes the Delaware River Basin Eminent Domain Activity Act. The bill clarifies that a ban on hydraulic fracturing in counties under the purview of the Delaware River Basic Commission (DRBC) constitutes an exercise of the power of eminent domain, by "taking" the property of impacted landowners in these counties. The bill stipulates that the DRBC must compensate landowners for their property - untapped oil and gas reserves.

SB 305 takes effect immediately.

FISCAL IMPACT: This bill carries a significant cost to the Commonwealth - as the requirement that the DRBC compensate landowners impacted by a ban on hydraulic fracturing would lead to astronomical liabilities for the Commission. These liabilities would make it impossible for DRBC to carry out its functions and leave the signatory parties, including Pennsylvania, responsible for making the compensatory payments to landowners.

SB 305 provides no guidance or limits on determining the appropriate level of compensation to landowners, and therefore has the additional potential to cause the Commonwealth to incur substantial legal fees every year a ban on hydraulic fracturing remains in effect.

Other signatory states would also likely face significant costs related to these compensatory payments. Additionally, because this legislation would cripple the ability of DRBC to manage water resources, the Commonwealth would be at risk of federal fines and penalties due to the compromised quality of drinking water for millions of Pennsylvanians.