

FISCAL NOTE

May 12, 2020

Bill No:	SB 790	Printer's No:	1446	Sponsor:	Scarnati
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COST / (SAVINGS)

Fund (s)	2019-20	2020-21
General Fund	See "Fiscal Impact"	\$5,000,000
Abandoned Well Plugging Fund	See "Fiscal Impact"	See "Fiscal Impact"
Orphan Well Plugging Fund	See "Fiscal Impact"	See "Fiscal Impact"

SUMMARY: SB 790 is an Act establishing guidelines for the conventional oil industry in Pennsylvania.

ANALYSIS: SB 790 is an Act establishing guidelines for the conventional oil industry in Pennsylvania, moving regulation of these operators out of Act 13 of 2013.

SB 790 establishes comprehensive guidelines for conventional oil well operators, including permitting, drilling, surveying, identifying abandoned wells, obtaining inactive status for wells, erosion and storm water management, water restoration and contamination, and casing and plugging requirements.

The bill also imposes various mandates on the Department of Environmental Protection (DEP)- including to establish a statewide, toll-free phone number for individuals to call and report incidents of water contamination. SB 790 establishes procedures for enforcement of the conventional oil regulations by the Department, including license revocation and civil and criminal penalties. The bill establishes the Abandoned Well Plugging Fund, for revenue from these fines to accrue. It also establishes a \$50 surcharge on the permit fee for conventional drillers to accrue to this fund. The bill also establishes the Orphan Well Plugging fund, with a related \$100 surcharge on permits for conventional oil drilling, and a \$200 surcharge on permits for conventional gas drilling to accrue.

SB 790 takes effect immediately.

FISCAL IMPACT: SB 790 makes a \$5,000,000 annual appropriation to DEP to administer this Act. However, the DEP estimates that the cost of regulating conventional oil drillers is currently \$10,000,000 annually. This deficit could hinder the ability of DEP to effectively enforce environmental and public safety standards- threatening millions in annual federal funding.

Additionally, this bill threatens existing revenue from fines due to changed spill reporting requirements.