

PENNSYLVANIA'S IMPACT FEE

Benefiting Communities All Across the Commonwealth

What is the Impact Fee?

In 2012, the Pennsylvania General Assembly enacted [Act 13](#) which included comprehensive and significant enhancements to Pennsylvania's environmental laws overseeing shale gas development. The Act also authorized county governments to impose an Impact Fee paid annually by unconventional natural gas producers for each well they spud, or start to drill, each calendar year.

Why is Pennsylvania's Impact Fee unique?

Pennsylvania is the only state in the nation that levies an Impact Fee on unconventional natural gas producers. The Pennsylvania legislature chose a unique path in assessing their version of a severance tax that allocates revenue to each county in the Commonwealth, particularly to counties and municipalities where unconventional natural gas development is occurring.

Communities are able to use Impact Fee revenues for any of the 13 [approved uses](#) outlined in Act 13. Examples include public infrastructure improvements, emergency preparedness and response, environmental protection, social services, records management and tax reduction.

How Much Revenue has the Impact Fee Generated?

Since 2012, the Impact Fee has generated more than \$2.5 billion in new revenue, above and beyond the \$5 billion in other tax revenues from natural gas-related activities over the past decade.

Year Distributed	Amount
2012	\$204.2 M
2013	\$202.5 M
2014	\$225.8 M
2015	\$223.5 M
2016	\$187.7 M
2017	\$173.3 M
2018	\$209.6 M
2019	\$251.8 M
2020	\$200.3 M
2021	\$146.3 M
2022	\$234.4 M
2023	\$278.9 M
TOTAL	\$2.54 B

How is the Impact Fee Assessed on Unconventional Natural Gas Producers?

The Impact Fee is assessed annually. The exact amount of the Impact Fee is based on two factors: the average NYMEX natural gas sales price for the preceding year and the age of the well. Each unconventional natural gas well is subject to an impact fee for a period of 15 years. The Impact Fee can range from \$69,100 in a well's first year to \$11,600 in a well's 15th year. If a well is re-stimulated to increase natural gas production, the well must restart paying the Impact Fee as if the well is in its first year. An average unconventional natural gas well will pay nearly \$360,000 in Impact Fees over 15 years.

Natural Gas Price Average

Year (Well)	\$0-2.25	\$2.26-2.99	\$3-4.99	\$5-5.99	\$6 or higher
1	\$46,000	\$51,800	\$57,500	\$63,200	\$69,100
2	\$34,500	\$40,200	\$46,000	\$51,800	\$63,200
3	\$28,800	\$34,500	\$34,500	\$46,000	\$57,500
4	\$11,600	\$17,200	\$23,000	\$23,000	\$23,000
5	\$11,600	\$17,200	\$23,000	\$23,000	\$23,000
6	\$11,600	\$17,200	\$23,000	\$23,000	\$23,000
7	\$11,600	\$17,200	\$23,000	\$23,000	\$23,000
8	\$11,600	\$17,200	\$23,000	\$23,000	\$23,000
9	\$11,600	\$17,200	\$23,000	\$23,000	\$23,000
10	\$11,600	\$17,200	\$23,000	\$23,000	\$23,000
11	\$5,600	\$5,600	\$11,600	\$11,600	\$11,600
12	\$5,600	\$5,600	\$11,600	\$11,600	\$11,600
13	\$5,600	\$5,600	\$11,600	\$11,600	\$11,600
14	\$5,600	\$5,600	\$11,600	\$11,600	\$11,600
15	\$5,600	\$5,600	\$11,600	\$11,600	\$11,600

Year of Well Life

When is the Impact Fee Collected and Distributed?

Unconventional natural gas producers must pay their Impact Fee assessment no later than April 1 of each year. The revenue collected is then distributed to local communities and state agencies no later than July 1 of each year based upon an allocation formula contained in Act 13.

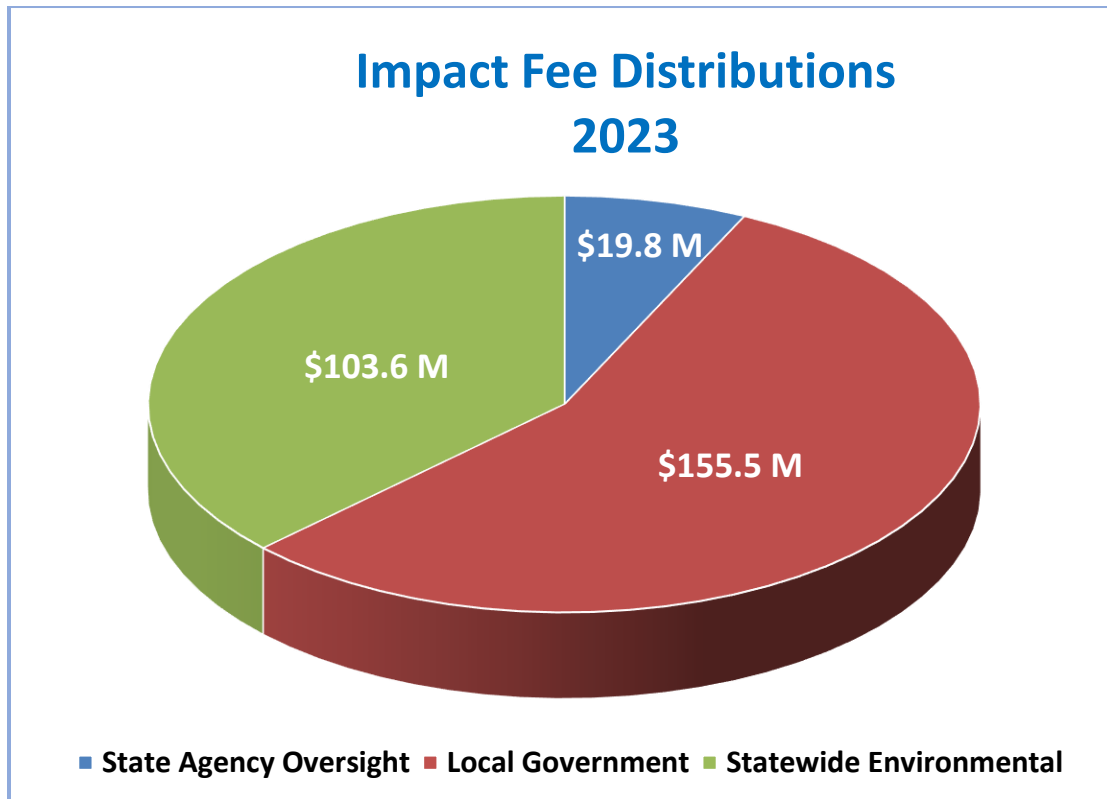
How is the Money Spent?

Revenues are broadly distributed in four main categories:

- County and municipal governments where shale gas development occurs.
- State agencies, such as the PA Department of Environmental Protection, PA Public Utility Commission, Fish and Boat Commission, PA Emergency Management Agency and the State Fire Commissioner, which serve a role in overseeing shale gas development.

- All 67 counties for conservation, recreation and bridge repairs, including county soil and water conservation districts.
- Statewide environmental grant programs, such as Growing Greener, the Marcellus Legacy Fund and water and sewer infrastructure.

The pie chart below shows how funds were allocated in calendar year 2023 from revenues collected for drilling activity in calendar year 2022:



What other Taxes do Pennsylvania’s Natural Gas Operators Pay?

Natural gas operators pay every other tax that is levied on other businesses, including:

- Corporate or personal income
- Sales and Use
- Liquid Fuels
- Other business taxes

Who Administers the Impact Fee?

The PA Public Utility Commission is charged by law with assessing, collecting and distributing the Impact Fee. Information regarding the collection, distribution and use of the Impact Fee can be found on the PA Public Utility Commission’s Act 13 [Impact Fee website](#).