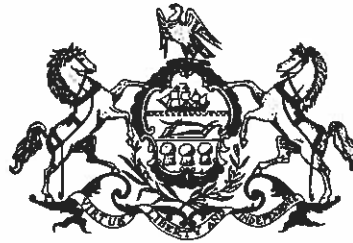


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House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

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AGRICULTURE & RURAL AFFAIRS,
DEMOCRATIC VICE CHAIRMAN
APPROPRIATIONS
GAME & FISHERIES
JUDICIARY, DEMOCRATIC SECRETARY

MEMORANDUM

To: All House Members
From: Representative Deberah Kula
Date: April 26, 2011
Re: Legislation Regarding a County Assessment Tax

In the near future, I plan to introduce legislation that would amend Title 53 (Municipalities Generally) of the Pennsylvania Consolidated Statutes to permit counties to assess value to oil and natural gas. These resources would be subject to taxation as real estate for all county, city, borough, town, township, and school district purposes. The state would not receive any revenue under this legislation.

Unfortunately, on December 19, 2002, the Pennsylvania Supreme Court decided in *Independent Oil and Gas Association of Pennsylvania, et al v. Board of Assessment Appeals of Fayette County* that the General Assembly had not explicitly recognized oil and gas as a taxable interest. This legislation would correct that oversight, benefitting counties, local municipalities, school districts, and their taxpayers. The additional revenue that the local entities would receive would help prevent future tax increases.

It is important to note that mineral rights would be assessed and taxed separately from the surface property. The value would be assessed against the drilling companies that are producing oil and gas for commercial benefit, not the landowner on whose property the wells are located. This legislation would not reduce any royalty payments to individuals currently under mineral leases. In addition, oil and gas producers would not be able to recover any portion of the tax from the royalty owner through deduction, reallocation, or any other means.

This is a top priority for local governments impacted by Marcellus Shale drilling and would address many of the funding issues they face during these hard economic times.

If you would like to co-sponsor this measure, please contact Joyce Martin at 772-1858 or jmartin@pahouse.net.