

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2129 Session of
2026

INTRODUCED BY PIELLI, KHAN, SHUSTERMAN, HILL-EVANS, HOHENSTEIN, PROBST, WEBSTER, VITALI, CIRESI, BOROWSKI, MLAGARI, CEPEDA-FREYTIZ, WAXMAN, KAZEEM, RIVERA, D. WILLIAMS, HANBIDGE AND FREEMAN, JANUARY 12, 2026

REFERRED TO COMMITTEE ON ENERGY, JANUARY 12, 2026

AN ACT

1 Amending Title 58 (Oil and Gas) of the Pennsylvania Consolidated
2 Statutes, in unconventional gas well fee, repealing
3 provisions relating to expiration; imposing a natural gas
4 tax; and imposing penalties.

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

7 Section 1. Section 2318 of Title 58 of the Pennsylvania
8 Consolidated Statutes is repealed:

9 [§ 2318. Expiration.]

10 (a) Notice.--The Secretary of the Commonwealth shall, upon
11 the imposition of a severance tax on unconventional gas wells in
12 this Commonwealth, submit for publication in the Pennsylvania
13 Bulletin notice of the imposition.

14 (b) Date.--This chapter shall expire on the date of the
15 publication of the notice under subsection (a).]

16 Section 2. Title 58 is amended by adding a part to read:

17 PART IV
18 TAXATION

1 Chapter
2 41. (Reserved)
3 43. Severance Tax
4 CHAPTER 41
5 (Reserved)
6 CHAPTER 43
7 SEVERANCE TAX
8 Sec.
9 4301. Scope of chapter.
10 4302. Definitions.
11 4303. Imposition of tax.
12 4304. Impact fee credits.
13 4305. Registration.
14 4306. Meters.
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16 4308. Time for assessment.
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19 4311. Interest.
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22 4314. Criminal acts.
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12 § 4301. Scope of chapter.

13 This chapter relates to taxation of the severance of natural
14 gas.

15 § 4302. Definitions.

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

19 "Department." The Department of Revenue of the Commonwealth.

20 "McF." A unit of measurement expressed by 1,000 cubic feet.

21 "Natural gas." As defined in section 2301 (relating to
22 definitions).

23 "Person." A natural person, corporation, fiduciary,
24 association or other entity. The term includes the Commonwealth
25 and any political subdivision, instrumentality and authority of
26 the Commonwealth.

27 "Producer." As defined in section 2301.

28 "Reporting period." A calendar month in which natural gas is
29 severed.

30 "Secretary." The Secretary of Revenue of the Commonwealth.

1 "Sever." Extract or otherwise remove natural gas from the
2 soil or water of this Commonwealth.

3 "Storage field." A natural formation or other site that is
4 used to store natural gas that did not originate from and has
5 been transplanted into the formation or site.

6 "Stripper well." A natural gas well incapable of producing
7 more than 90 units of natural gas each day of the calendar month
8 immediately preceding the reporting period, including production
9 from all zones and multilateral well bores at a single well,
10 without regard to whether the production is separately metered.

11 "Trigger date." The date that is 60 days after the effective
12 date of this section.

13 "Unconventional gas well." As defined in section 2301.

14 "Unit." One thousand cubic feet of natural gas measured at
15 the wellhead at a temperature of 60° Fahrenheit and an absolute
16 pressure of 14.73 pounds per square inch in accordance with
17 American Gas Association standards and according to Boyle's law
18 for the measurement of gas under varying pressures with
19 deviations as follows:

20 (1) The average absolute atmospheric pressure shall be
21 assumed to be 14.4 pounds to the square inch, regardless of
22 elevation or location of point of delivery above sea level or
23 variations in atmospheric pressure.

24 (2) The temperature of the gas passing the meters shall
25 be determined by the continuous use of a recording
26 thermometer installed to properly record the temperature of
27 gas flowing through the meters. The arithmetic average of the
28 temperature recorded each 24-hour day shall be used in
29 computing gas volumes. If a recording thermometer is not
30 installed, or is installed and not operating properly, an

1 average flowing temperature of 60° Fahrenheit shall be used
2 in computing gas volume.

3 (3) The specific gravity of the gas shall be determined
4 annually by tests made by the use of an Edwards or Acme
5 gravity balance, or at intervals as found necessary in
6 practice. Specific gravity determinations shall be used in
7 computing gas volumes.

8 (4) The deviation of the natural gas from Boyle's law
9 shall be determined by annual tests or at other shorter
10 intervals as found necessary in practice. The apparatus and
11 method used in making the test shall be in accordance with
12 recommendations of the National Institute of Standards and
13 Technology or Report No. 3 of the Gas Measurement Committee
14 of the American Gas Association. The results of the tests
15 shall be used in computing the volume of gas delivered under
16 this chapter.

17 "Wellhead meter." A meter that measures the volume of
18 natural gas severed from an unconventional gas well.

19 § 4303. Imposition of tax.

20 (a) Establishment.--Beginning July 1 in the year following
21 the effective date of this section, a natural gas severance tax
22 is levied and payable by every producer on each unconventional
23 gas well.

24 (b) Effect.--The imposition of the severance tax under
25 subsection (a) shall not affect the collection and distribution
26 of the unconventional gas well fee imposed under Chapter 23
27 (relating to unconventional gas well fee).

28 (c) Computation.--The severance tax payable under subsection
29 (a) shall be calculated by applying the sum of the base tax rate
30 under subsection (d) and the additional tax rate under

1 subsection (e) to the annual market value of natural gas per
2 unit severed after deduction of postproduction costs.

3 (d) Base tax rate.--The base tax rate under this section
4 shall be 9% of the annual market value of natural gas per unit
5 severed after deduction of postproduction costs.

6 (e) Additional tax rate.--In addition to the base tax rate
7 under subsection (d), an additional tax rate shall apply as
8 follows:

9 (1) If exports of natural gas from the United States, as
10 calculated by the United States Energy Information
11 Administration, for the imposition period for which the
12 severance tax is owed are greater than or equal to 4,000,000
13 mcf but less than 6,000,000 mcf, the additional tax rate
14 shall be 0.5% of the annual market value of natural gas per
15 unit severed after deduction of postproduction costs.

16 (2) If exports of natural gas from the United States, as
17 calculated by the United States Energy Information
18 Administration, for the imposition period for which the
19 severance tax is owed are greater than or equal to 6,000,000
20 mcf but less than 8,000,000 mcf, the additional tax rate
21 shall be 1% of the annual market value of natural gas per
22 unit severed after deduction of postproduction costs.

23 (3) If exports of natural gas from the United States, as
24 calculated by the United States Energy Information
25 Administration, for the imposition period for which the
26 severance tax is owed are greater than or equal to 8,000,000
27 mcf but less than 10,000,000 mcf, the additional tax rate
28 shall be 1.5% of the annual market value of natural gas per
29 unit severed after deduction of postproduction costs.

30 (4) If exports of natural gas from the United States, as

1 calculated by the United States Energy Information
2 Administration, for the imposition period for which the
3 severance tax is owed are greater than or equal to 10,000,000
4 mcf, the additional tax rate shall be 2% of the annual market
5 value of natural gas per unit severed after deduction of
6 postproduction costs.

7 (f) Payment.--The severance tax imposed under this section
8 shall be due on the same day the report is due under subsection
9 (g). The tax shall become delinquent if not remitted to the
10 department on the reporting date.

11 (g) Report.--Each producer shall, by June 30 of the first
12 fiscal year in which the severance tax is imposed and by June 30
13 of each fiscal year thereafter, submit to the department the
14 payment of the severance tax and a report for the imposition
15 period on a form specified by the department.

16 (h) Exemptions.--The severance tax imposed under this
17 section shall not be imposed on the following:

18 (1) natural gas severed, sold and delivered by a
19 producer at or within five miles of the producing site for
20 the processing or manufacture of tangible personal property
21 as defined under section 201 of the act of March 4, 1971
22 (P.L.6, No.2), known as the Tax Reform Code of 1971;

23 (2) natural gas severed under a natural gas lease and
24 provided to a lessor for no consideration for the lessor's
25 own use;

26 (3) natural gas severed from a storage field; or
27 (4) a stripper well.

28 (i) Volume measurement.--

29 (1) Except as provided under paragraph (2), for purposes
30 of computing the severance tax, natural gas severed shall be

1 measured at the wellhead meter.

2 (2) Natural gas severed prior to the trigger date shall
3 be measured according to the standards and methods used for
4 reporting natural gas production to the Department of
5 Environmental Protection.

6 (j) Administration.--The department shall enforce the
7 provisions of this section and may prescribe, adopt, promulgate
8 and enforce rules and regulations relating to any matter or
9 thing pertaining to the administration or enforcement of the
10 provisions of this section and the collection of taxes imposed
11 by this section.

12 (k) Payment of tax.--A producer may not make the tax imposed
13 under this section on natural gas severed under a lease an
14 obligation, indebtedness or liability of the lessor and may not
15 otherwise require the lessor to reimburse the producer for the
16 amount of the tax.

17 § 4304. Impact fee credits.

18 (a) Credits.--Unconventional gas well fees timely paid by a
19 producer for the prior calendar year under Chapter 23 (relating
20 to unconventional gas well fee) shall be allowed as credit
21 against the tax imposed under this chapter.

22 (b) Initial credit.--The initial credit under subsection (a)
23 shall be prorated based on the number of months in which this
24 chapter was effective during the calendar year for which the
25 unconventional gas well fee was paid. Thereafter, the credit
26 shall be based on the entire unconventional gas well fee paid by
27 a producer on or before April 1 for the preceding calendar year.

28 (c) Carry back and forward.--A credit under this section may
29 not be carried back or carried forward beyond 12 months after
30 payment of the unconventional gas well fee that is sold,

1 assigned or refunded.

2 § 4305. Registration.

3 (a) Application.--

4 (1) Before a producer severs natural gas or continues to
5 sever natural gas in this Commonwealth after the date
6 occurring 60 days following the effective date of this
7 section, the producer shall apply to the department for a
8 registration certificate.

9 (2) The department may charge an application fee to
10 cover the administrative costs associated with the
11 application and registration process. The fee shall not
12 exceed 3¢ per mcf of severed natural gas.

13 (b) Issuance.--

14 (1) Except as provided in subsection (c), after the
15 receipt of an application and the required application fee,
16 the department shall issue a registration certificate to the
17 producer. The registration certificate is nonassignable.

18 (2) A registrant shall renew the registration
19 certificate on a staggered renewal system established by the
20 department. After the initial staggered renewal period, a
21 registration certificate is valid for a period of five years.

22 (c) Refusal, suspension or revocation.--

23 (1) The department may refuse to issue, suspend or
24 revoke a registration certificate if the applicant or
25 registrant has not filed required State tax reports and paid
26 State taxes not subject to a timely perfected administrative
27 or judicial appeal or an authorized deferred payment plan.

28 (2) The department shall notify the applicant or
29 registrant of a refusal, suspension or revocation. The notice
30 shall contain a statement that the refusal, suspension or

1 revocation may be made public. The notice shall be made by
2 first class mail.

3 (3) An applicant or registrant aggrieved by the
4 determination of the department may file an appeal under the
5 provisions for administrative appeals in the act of March 4,
6 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971. In
7 the case of a suspension or revocation that is appealed, the
8 registration certificate shall remain valid pending a final
9 outcome of the appeals process. Notwithstanding any other
10 provision of law, if no appeal is taken or if an appeal is
11 taken and denied at the conclusion of the appeal process, the
12 department may disclose, by publication or otherwise, the
13 identity of a producer and the fact that the producer's
14 registration certificate has been refused, suspended or
15 revoked under this subsection. Disclosure may include the
16 basis for refusal, suspension or revocation.

17 (d) Violation.--

18 (1) A person that severs natural gas in this
19 Commonwealth in violation of subsection (a) commits a summary
20 offense and shall, upon conviction, be sentenced to pay a
21 fine not less than \$300 nor more than \$1,500 or, in default
22 of the payment, to imprisonment for not less than five days
23 nor more than 30 days.

24 (2) For purposes of this subsection, each day in which
25 natural gas is severed shall constitute a separate violation.

26 (3) The penalties imposed by this subsection shall be in
27 addition to any other penalties imposed by this chapter.

28 (4) The secretary may designate employees of the
29 department to enforce the provisions of this subsection. The
30 employees shall exhibit proof of and be within the scope of

1 the designation when instituting proceedings as provided by
2 the Pennsylvania Rules of Criminal Procedure.

3 (e) Failure to obtain registration certificate.--Failure to
4 obtain or hold a valid registration certificate does not relieve
5 a person from liability for the tax imposed by this chapter.

6 § 4306. Meters.

7 A producer shall provide for and maintain a discrete wellhead
8 meter where natural gas is severed. A producer shall ensure that
9 the meters are maintained according to industry standards. A
10 wellhead meter installed after the effective date of this
11 section shall be a digital meter.

12 § 4307. Assessments.

13 (a) Authorization and requirement.--The department shall
14 make inquiries, determinations and assessments of the tax
15 imposed under this chapter, including interest, additions and
16 penalties imposed under this chapter.

17 (b) Notice.--The notice of assessment and demand for payment
18 shall be mailed to the producer. The notice shall state the
19 basis of the assessment. The department shall send the notice of
20 assessment to the producer at the producer's registered post
21 office address via mail if the assessment increases the
22 producer's tax liability by \$300 or more.

23 § 4308. Time for assessment.

24 (a) Requirement.--

25 (1) An assessment as provided under section 4307
26 (relating to assessments) shall be made within three years
27 after the date when the report provided for under section
28 4303(g) (relating to imposition of tax) is filed or the end
29 of the year in which the tax liability arises, whichever
30 shall occur last.

1 (2) For purposes of this subsection and subsection (b),
2 a return filed before the last day prescribed for the filing
3 period shall be considered as filed on the last day.

4 (b) Exception.--If the producer underpays the correct amount
5 of the tax due by 25% or more, the tax may be assessed within
6 six years after the date the return was filed.

7 (c) Intent to evade.--Where no return is filed or where the
8 producer files a false or fraudulent return with intent to evade
9 the tax imposed by this chapter, the assessment may be made at
10 any time.

11 (d) Erroneous credit or refund.--Within three years of the
12 granting of a refund or credit or within the period in which an
13 assessment or reassessment may have been issued by the
14 department for the taxable period for which the refund was
15 granted, whichever period shall occur last, the department may
16 issue an assessment to recover a refund or credit made or
17 allowed erroneously.

18 § 4309. Extension of assessment period.

19 Notwithstanding the provisions of this chapter, the
20 assessment period may be extended in the event a producer has
21 provided written consent before the expiration of the period
22 provided in section 4308 (relating to time for assessment) for a
23 tax assessment. The amount of tax due may be assessed at any
24 time within the extended period. The period may be extended
25 further by subsequent written consents made before the
26 expiration of the extended period.

27 § 4310. Reassessments.

28 A producer against whom an assessment is made may petition
29 the department for a reassessment under Article XXVII of the act
30 of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of

1 1971.

2 § 4311. Interest.

3 The department shall assess interest on any delinquent tax at
4 the rate prescribed under section 806 of the act of April 9,
5 1929 (P.L.343, No.176), known as The Fiscal Code.

6 § 4312. Penalties.

7 The department shall enforce the following penalties:

8 (1) A penalty against a producer without a registration
9 certificate required under section 4305 (relating to
10 registration). The penalty shall be \$1 for every unit severed
11 without a valid registration certificate. The department may
12 assess this penalty separately from or in conjunction with
13 any assessment of the natural gas severance tax.

14 (2) A penalty against a producer for failure to timely
15 file a return as required under section 4303(q) (relating to
16 imposition of tax). The penalty shall be 5% of the tax
17 liability to be reported on the return for each day beyond
18 the due date that the return is not filed.

19 (3) In addition to the penalty under paragraph (2), a
20 penalty against the producer for a willful failure to timely
21 file a return. The penalty shall be 200% of the tax liability
22 required to be reported on the return.

23 (4) A penalty against a producer for failure to timely
24 pay the tax as required under this chapter. The penalty shall
25 be 5% of the amount of tax due for each day beyond the
26 payment date that the tax is not paid.

27 § 4313. Administration of tax.

28 Unless otherwise specified, Chapters IV, V, VI, VII and VIII
29 of Part VI of Article II of the act of March 4, 1971 (P.L.6,
30 No.2), known as the Tax Reform Code of 1971, shall apply to this

1 chapter.

2 § 4314. Criminal acts.

3 (a) Fraudulent return.--Any person with intent to defraud
4 the Commonwealth, who willfully makes or causes to be made a
5 return required under this chapter that is false, is guilty of a
6 misdemeanor and shall, upon conviction, be sentenced to pay a
7 fine of not more than \$2,000 or to imprisonment for not more
8 than three years, or both.

9 (b) Other crimes.--

10 (1) Except as otherwise provided under subsection (a), a
11 person is guilty of a misdemeanor and shall, upon conviction,
12 be sentenced to pay a fine of not more than \$1,000 and costs
13 of prosecution or to imprisonment for not more than one year,
14 or both, for any of the following:

15 (i) Willfully failing to timely remit the tax to the
16 department.

17 (ii) Willfully failing or neglecting to timely file
18 a return or report required by this chapter.

19 (iii) Refusing to timely pay a tax, penalty or
20 interest imposed or provided for by this chapter.

21 (iv) Willfully failing to preserve the person's
22 books, papers and records as directed by the department.

23 (v) Refusing to permit the department or the
24 person's authorized agents to examine the person's books,
25 records or papers.

26 (vi) Knowingly making any incomplete, false or
27 fraudulent return or report.

28 (vii) Preventing or attempting to prevent the full
29 disclosure of the amount of natural gas severance tax
30 due.

(viii) Providing any person with a false statement as to the payment of the tax imposed under this chapter with respect to any pertinent facts.

(ix) Making, uttering or issuing a false or fraudulent statement.

(2) The penalties imposed under this section shall be in addition to other penalties imposed under this chapter.

§ 4315. Abatement of additions or penalties.

9 Upon the filing of a petition for reassessment or a petition
10 for refund by a producer as provided under this chapter,
11 additions or penalties imposed upon the producer by this chapter
12 may be waived or abated, in whole or in part, where the
13 petitioner establishes that he acted in good faith, without
14 negligence and with no intent to defraud.

§ 4316. Bulk and auction sales.

16 A person that sells or causes to be sold at auction, or that
17 sells or transfers in bulk, 51% or more of a stock of goods,
18 wares or merchandise of any kind, fixtures, machinery,
19 equipment, buildings or real estate involved in a business for
20 which the person holds a registration certificate or is required
21 to obtain a registration certificate under the provisions of
22 this chapter shall be subject to the provisions of section 1403
23 of the act of April 9, 1929 (P.L.343, No.176), known as The
24 Fiscal Code.

25 § 4317. Collection upon failure to request reassessment, review
26 or appeal.

27 (a) Power of department.--The department may collect the tax
28 imposed under this chapter:

29 (1) If an assessment of the tax is not paid within 30
30 days after notice to the producer when no petition for

1 reassessment has been filed.

2 (2) Within 60 days of the reassessment, if no petition
3 for review has been filed.

4 (3) If no appeal has been made, within 30 days of:

5 (i) the Board of Finance and Revenue's decision of a
6 petition for review; or

7 (ii) the expiration of the Board of Finance and
8 Revenue's time for acting upon the petition.

9 (4) In all cases of judicial sales, receiverships,
10 assignments or bankruptcies.

11 (b) Prohibition.--In a case for the collection of taxes
12 under subsection (a), the producer against whom the taxes were
13 assessed may not set up a ground of defense that might have been
14 determined by the department, the Board of Finance and Revenue
15 or the courts, provided that the defense of failure of the
16 department to mail notice of assessment or reassessment to the
17 producer and the defense of payment of assessment or
18 reassessment may be raised in proceedings for collection by a
19 motion to stay the proceedings.

20 § 4318. Tax liens.

21 (a) Lien imposed.--

22 (1) If a producer neglects or refuses to pay the tax
23 imposed under this chapter for which the producer is liable
24 under this chapter after demand, the amount, including
25 interest, addition or penalty, together with additional costs
26 that may accrue, shall be a lien in favor of the Commonwealth
27 upon the real and personal property of the producer, but only
28 after the same has been entered and docketed of record by the
29 prothonotary of the county where the property is situated.

30 (2) The department may, at any time, transmit to the

1 prothonotaries of the respective counties certified copies of
2 the liens imposed under this section.

3 (3) The prothonotary receiving the lien shall enter and
4 docket the lien of record to the office of the prothonotary.
5 The lien shall be indexed as judgments are now indexed. No
6 prothonotary may require as a condition precedent to the
7 entry of the lien the payment of costs incidental to its
8 entry.

9 (b) Priority of lien and effect on judicial sale.--

10 (1) A lien imposed under this section shall have
11 priority from the date of its recording and shall be fully
12 paid and satisfied out of the proceeds of any judicial sale
13 of property subject to the lien, before any other obligation,
14 judgment, claim, lien or estate to which the property may
15 subsequently become subject except as follows:

- (i) the costs of the sale;
- (ii) the writ upon which the sale was made;
- (iii) real estate taxes; and
- (iv) municipal claims against the property.

20 (2) The lien shall be subordinate to mortgages and other
21 liens existing and duly recorded or entered of record prior
22 to the recording of the lien.

23 (c) No discharge by sale on junior lien.--

24 (1) In the case of a judicial sale of property subject
25 to a lien imposed under this section, upon a lien or claim
26 over which the lien imposed under this section has priority,
27 the sale shall discharge the lien imposed under this section
28 to the extent only that the proceeds are applied to its
29 payment, and the lien shall continue in full force and effect
30 as to the balance remaining unpaid.

(2) There shall be no inquisition or condemnation upon any judicial sale of real estate made by the Commonwealth under the provisions of this chapter.

(3) The lien shall continue as provided in the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code, and a writ of execution may directly issue upon the lien without the issuance and prosecution to judgment of a writ of scire facias, provided that not less than 10 days before issuance of any execution on the lien, notice of the filing and the effect of the lien shall be sent by registered mail to the producer's last known post office address. The lien shall have no effect upon any stock of goods, wares or merchandise regularly sold or leased in the ordinary course of business by the producer against whom the lien has been entered, unless and until a writ of execution has been issued and a levy made upon the stock of goods, wares and merchandise.

(d) Penalty.--A prothonotary who intentionally violates this section commits a misdemeanor of the third degree and shall, on conviction, be sentenced to pay a fine of not more than \$1,000 and costs of prosecution or to imprisonment for not more than one year, or both.

(e) Priority.--

(1) Except as provided in this chapter, in the case of the distribution, voluntary or compulsory, in receivership, bankruptcy or otherwise of the property or estate of a person, all taxes imposed by this chapter that are due and unpaid and are not collectible under the provisions of section 225 of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, shall be paid from the first

1 money available for distribution in priority to all other
2 claims and liens, except as the laws of the United States may
3 give priority to a claim to the Federal Government.

4 (2) A person charged with the administration or
5 distribution of the property or estate who violates the
6 provisions of this section shall be personally liable for the
7 taxes imposed by this chapter that are accrued and unpaid and
8 chargeable against the person whose property or estate is
9 being administered or distributed.

10 (f) Other remedies.--Subject to the limitations contained in
11 this chapter as to the assessment of taxes, nothing contained in
12 this section may be construed to restrict, prohibit or limit the
13 use by the department in collecting taxes due and payable of
14 another remedy or procedure available at law or equity for the
15 collection of debts.

16 § 4319. Tax suit reciprocity.

17 The courts of this Commonwealth shall recognize and enforce
18 liabilities for natural gas severance or extraction taxes
19 lawfully imposed by any other state, if the other state
20 recognizes and enforces the tax imposed under this chapter.

21 § 4320. Service.

22 A producer is deemed to have appointed the Secretary of the
23 Commonwealth as the producer's agent for the acceptance of
24 service of process or notice in a proceeding for the enforcement
25 of the civil provisions of this chapter. Service made upon the
26 Secretary of the Commonwealth as agent shall be of the same
27 legal force and validity as if the service had been personally
28 made on the producer. Where service cannot be made upon the
29 producer in the manner provided by other laws of this
30 Commonwealth relating to service of process, service may be made

1 upon the Secretary of the Commonwealth. In that case, a copy of
2 the process or notice shall be personally served upon any agent
3 or representative of the producer who may be found within this
4 Commonwealth or, where no agent or representative may be found,
5 a copy of the process or notice shall be sent via registered
6 mail to the producer at the last known address of the producer's
7 principal place of business, home office or residence.

8 § 4321. Refunds.

9 (a) Taxes, interest and penalties.--Under Article XXVII of
10 the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform
11 Code of 1971, the department shall refund all taxes, interest
12 and penalties paid to the Commonwealth under the provisions of
13 this chapter to which the Commonwealth is not rightfully
14 entitled. The refunds shall be made to the person or the
15 person's heirs, successors, assigns or other personal
16 representatives who paid the tax, provided that no refund may be
17 made under this section regarding a payment made by reason of an
18 assessment where a producer has filed a petition for
19 reassessment under section 2702 of the Tax Reform Code of 1971
20 to the extent the petition is adverse to the producer by a
21 decision that is no longer subject to further review or appeal.

22 (b) Construction.--Nothing in this chapter may be construed
23 to prohibit a producer that has filed a timely petition for
24 reassessment from amending it to a petition for refund where the
25 petitioner paid the tax assessed.

26 § 4322. Refund petition.

27 (a) Petition.--Except as provided in subsection (b), the
28 refund or credit of tax, interest or penalty provided under
29 section 4321 (relating to refunds) shall be made only where the
30 person who has paid the tax files a petition for refund with the

1 department under Article XXVII of the act of March 4, 1971
2 (P.L.6, No.2), known as the Tax Reform Code of 1971, within the
3 time limits of section 3003.1 of the Tax Reform Code of 1971.

4 (b) Natural gas severance tax.--

5 (1) A refund or credit of tax, interest or penalty paid
6 as a result of an assessment made by the department under
7 section 4307 (relating to assessments) shall be made only
8 where the person who has paid the tax files a petition for a
9 refund with the department under Article XXVII of the Tax
10 Reform Code of 1971 within the time limits of section 3003.1
11 of the Tax Reform Code of 1971.

12 (2) The filing of a petition for refund under the
13 provisions of this subsection shall not affect the abatement
14 of interest, additions or penalties to which the person may
15 be entitled by reason of payment of the assessment.

16 § 4323. Rules and regulations.

17 The department shall enforce the provisions of this chapter
18 and shall promulgate rules and regulations to administer and
19 enforce the provisions of this chapter and the collection of
20 taxes, penalties and interest imposed by this chapter. The
21 department may prescribe the extent, if any, to which any of the
22 rules and regulations shall be applied without retroactive
23 effect.

24 § 4324. Recordkeeping.

25 (a) Duties.--A person liable for any tax imposed by this
26 chapter, or for the collection of the tax, shall keep records,
27 including those enumerated in subsection (b), render statements,
28 make returns and comply with the rules and regulations as the
29 department may prescribe regarding matters pertinent to the
30 person's business. Whenever it is necessary, the department may

1 require a person, by notice served upon the person or by
2 regulations, to make returns, render statements or keep records
3 as the department deems sufficient to show whether a person is
4 liable to pay tax under this chapter.

5 (b) Records.--Records to be maintained are:

6 (1) Wellhead meter charts for each reporting period and
7 the meter calibration and maintenance records. If turbine
8 meters are in use, the maintenance records shall be made
9 available to the department upon request.

10 (2) Records, statements and other instruments furnished
11 to a producer by a person to whom the producer delivers for
12 sale, transport or delivery of natural gas.

13 (3) Records, statements and other instruments as the
14 department may prescribe by regulation.

15 (c) Records of nonresidents.--

16 (1) A nonresident who does business in this Commonwealth
17 as a producer shall keep adequate records of the business and
18 of the tax due as a result. The records shall be retained
19 within this Commonwealth unless retention outside this
20 Commonwealth is authorized by the department.

21 (2) The department may require a producer that desires
22 to retain records outside this Commonwealth to assume
23 reasonable out-of-State audit expenses.

24 (d) Keeping of separate records.--

25 (1) A producer that is engaged in another business or
26 businesses that do not involve the severing of natural gas
27 taxable under this chapter shall keep separate books and
28 records of the businesses so as to show the taxable severing
29 of natural gas under this chapter separately from other
30 business activities not taxable under this chapter.

1 (2) If a person fails to keep separate books and
2 records, the person shall be liable for a penalty equaling
3 100% of tax due under this chapter for the period where
4 separate records were not maintained.

5 § 4325. Examinations.

6 (a) Right to examine.--

7 (1) The department or any of its authorized agents may
8 examine the books, papers, records and locations of a
9 producer in order to verify the accuracy and completeness of
10 a return made or, if no return was made, to ascertain and
11 assess the tax imposed by this chapter. The department may
12 require the preservation of all books, papers and records for
13 any period deemed proper by the department but not to exceed
14 three years from the end of the calendar year to which the
15 records relate.

16 (2) A producer shall give to the department or its agent
17 the means, facilities and opportunity for examinations and
18 investigations under this section.

19 (3) The department may examine a person, under oath,
20 concerning the taxable severing of natural gas by a producer
21 or concerning any other matter relating to the enforcement or
22 administration of this chapter, and to this end may compel
23 the production of books, papers and records and the
24 attendance of all persons whether as parties or witnesses
25 believed to have knowledge of relevant matters.

26 (b) Procedure.--The procedure for the hearings or
27 examinations shall be the same as that provided under the act of
28 April 9, 1929 (P.L.343, No.176), known as The Fiscal Code.

29 § 4326. Unauthorized disclosure.

30 (a) Confidentiality.--Information gained by the department

1 as a result of a return, examination, investigation, hearing or
2 verification required or authorized under this chapter shall be
3 confidential except for official purposes and except in
4 accordance with proper judicial order or as otherwise provided
5 by law.

6 (b) Penalty.--Any person unlawfully divulging the
7 information shall be guilty of a misdemeanor and shall, upon
8 conviction, be sentenced to pay a fine of not more than \$1,000
9 and costs of prosecution or to imprisonment for not more than
10 one year, or both.

11 § 4327. Cooperation with other governments.

12 Notwithstanding the provisions of section 4319 (relating to
13 tax suit reciprocity), the department may permit the
14 Commissioner of the Internal Revenue Service, the proper officer
15 of any state or the authorized representative of either of them
16 to inspect the tax returns of a producer, or may furnish to the
17 commissioner or officer or to either of their authorized
18 representatives an abstract of the return of a producer, or
19 supply the officer or the officer's authorized representative
20 with information concerning any item contained in a return or
21 disclosed by the report of any examination or investigation of
22 the return of a producer. This permission shall be granted only
23 if the laws of the United States or another state grant
24 substantially similar privileges to the proper officer of the
25 Commonwealth charged with the administration of this chapter.

26 § 4328. Bonds.

27 (a) Producer to file bond.--

28 (1) The department may require a nonresident natural
29 person, or any foreign corporation, association, fiduciary or
30 other entity, not authorized to do business within this

1 Commonwealth or not having an established place of business
2 in this Commonwealth and subject to the tax imposed by
3 section 4303 (relating to imposition of tax), to file a bond
4 issued by a surety company authorized to do business in this
5 Commonwealth and approved by the Insurance Commissioner as to
6 solvency and responsibility, in amounts as the department may
7 fix, to secure the payment of any tax or penalties due or
8 that may become due from a nonresident natural person,
9 corporation, association, fiduciary or other entity whenever
10 the department deems it necessary to protect the revenues
11 obtained under this chapter.

12 (2) The department may also require a bond of a person
13 petitioning the department for reassessment in the case of
14 any assessment over \$500 or where, in the department's
15 opinion, the ultimate collection is in jeopardy.

16 (3) For a period of three years, the department may
17 require a bond of any person that has, on three or more
18 occasions within a 12-month period, either filed a return or
19 made payment to the department more than 30 days late.

20 (4) In the event the department determines a producer is
21 required to file a bond, the department shall give notice to
22 the producer specifying the amount of the bond required.

23 (5) The producer shall file the bond within five days
24 after notice is given by the department unless, within five
25 days, the producer requests in writing a hearing before the
26 secretary or the secretary's representative.

27 (6) At the hearing, the necessity, propriety and amount
28 of the bond shall be determined by the secretary or the
29 secretary's representative.

30 (7) The determination shall be final and the producer

1 shall comply within 15 days after notice is mailed to the
2 producer.

3 (b) Securities in lieu of bond.--

4 (1) In lieu of the bond required under this section,
5 securities approved by the department or cash in a prescribed
6 amount may be deposited. The securities or cash shall be kept
7 in the custody of the department.

8 (2) The department may:

9 (i) Apply the securities or cash to the tax imposed
10 under this chapter and interest or penalties due without
11 notice to the depositor.

12 (ii) Sell the securities to pay the tax and interest
13 or penalties due at public or private sale upon five
14 days' written notice to the depositor.

15 (c) Failure to file bond.--

16 (1) The department may file a lien under section 4318
17 (relating to tax liens) against any producer who fails to
18 file a bond when required to do so under this section.

19 (2) All funds received upon execution of the judgment on
20 the lien shall be refunded to the producer with 3% interest
21 should a final determination be made that the producer does
22 not owe any payment to the department.

23 § 4329. Prohibition.

24 A producer may not make the tax imposed under section 4303
25 (relating to imposition of tax) on natural gas severed under a
26 natural gas lease, an obligation, indebtedness or liability of a
27 landowner, leaseholder or other person in possession of real
28 property upon which the removal or extraction occurs and shall
29 not otherwise require the landowner to pay or reimburse the
30 producer for the amount of the tax.

1 § 4330. Future agreements.

2 On or after the effective date of this section, a provision
3 of an agreement in violation of section 4329 (relating to
4 prohibition) is declared to be illegal, contrary to public
5 policy and null and void.

6 § 4331. Stripper wells.

7 Notwithstanding the definition of "stripper well" in section
8 2301 (relating to definitions) or any other provision of Chapter
9 23 (relating to unconventional gas well fee) to the contrary, a
10 stripper well shall only be exempt from the payment of the
11 unconventional gas well fee due under Chapter 23 if the well was
12 incapable of producing more than 90 units of natural gas each
13 day of every calendar month in a calendar year.

14 § 4332. Deposit of proceeds.

15 The proceeds of the tax imposed under section 4303 (relating
16 to imposition of tax) and penalties and interest imposed under
17 this chapter shall be deposited into the General Fund.

18 Section 3. This act shall take effect immediately.