

PACD Legislative Committee Meeting
Ramada Conference Center, State College, PA
July 11, 2011

Welcome and Roll Call

Chairman Ron Rohall called the meeting to order at 1:45 PM. It was determined that a quorum was present.

Committee Members in Attendance: Don Baker, Mifflin; Donna Fisher, Blair; Don Koontz, Mercer; Harold Kulp, Chester; Josh Longmore, Luzerne; Jim Luce, Wyoming; Ronald Rohall, Westmoreland; Jim Shaner, Beaver; Chris Strohmaier, Chester; Pat Sueck, York; Maryruth Wagner, Columbia.

Others in Attendance: Brenda Shambaugh, PACD (recorder); Robert Maiden, PACD; Dave Mankamyer, Somerset; Greg Phillips, Westmoreland; Jack Tressler, Somerset; Robert Ritchey, Cambria; Barry Frantz, USDA NRCS; Craig Todd, Monroe; Kerry Fetter, McKean; Bill Deitrick, Union; John Thatcher, Allegheny; Don Newman, Allegheny; Ernest Tarner, Franklin; Bill Neilson, PA Farm Bureau; Michael Hubler, Dauphin; Mark Kimmel, York; Richard Weinstein, Berks; Piper Sherburne, Berks; Cheryl Johnson, USDA NRCS; Chuck Wertz, Lebanon; Jack Hanish, Luzerne; Bill Slosky, Washington; Cheryl Brobst, Columbia; Kim Leshock, Montour; Dale Shultz, Montour; Dan Dunmire, Mifflin; Robb Piper, Cambria; Denise Coleman, USDA NRCS; Jim Eckenrode, Blair; Dan Farnham, Susquehanna; Carl Urbanski, Luzerne; Lillian Theophanis, Susquehanna; Lynda Farrell, Chester.

Minutes of the Previous Meeting (January 19, 2011)

The minutes of the previous meeting were provided to committee members for review.

It was moved by Don Baker and seconded by Harold Kulp to approve the minutes of the January 19, 2011 meeting. Motion carried.

Conservation District Annual Report

Brenda Shambaugh reported that PACD produced the 2010 annual report highlighting projects from 43 conservation districts including the addition of a section showing the amount of grant funding coming into the county through conservation district grants. The report was distributed to the appropriate PA House and Senate members in time for the General Assembly budget process. The committee discussed future reports and participation by conservation districts.

Capitol Day Event

The PACD Capitol Day event took place on May 3, 2011. The format was similar to last year with conservation districts making their own appointment with their elected leaders. The focus this year was to meet with legislators, thanking them for their allegiance to conservation districts and to showcase conservation district activities. Additionally, several Executive Board members met with House and Senate leaders and staff. Also, plants were given to each legislator who was visited by a conservation district representative. The Committee would like go back to a March or early spring date.

Impact Fee

Brenda Shambaugh reported that several impact fee bills were introduced in the House and Senate, but none were voted on in either chamber with the promise that the issue would be

discussed in the fall. Every impact fee legislation introduced thus far includes dedicated funding for conservation districts.

- SB 1100 (Senator Scarnati) includes \$7.5 million annually for conservation districts.
- HB 1700 (Rep. Quinn) includes 4% million annually for conservation districts translating to
- approximately \$7 million the first year, increasing to approximately \$16 million by 2015.
- HB 1650 (Rep. Marshall) closely mirrors SB 1100.
- HB (Rep. Harper) is a severance tax bill providing 1.3% to the Conservation District Fund
- HB (Rep. Vitali) is a severance tax bill providing 1.3% to the Conservation District Fund
- Rep. Reed impact fee amendment providing 10% fee going to the Conservation District Fund.
- Senator Yudichak amendment providing \$5 million annually to the Conservation District Fund. Brenda also reported that PACD held two successful press conferences showing conservation district support for dedicated funding through an impact fee. One press event was held in Emmaus, Lehigh County, and the other was held in Downingtown, Chester County.

A discussion took place on policy development. The following background was provided:

- Senate President Pro Tempore Joseph Scarnati (R-Jefferson), introduced legislation SB 1100 requiring an impact fee in Pennsylvania for natural gas extraction. Incorporated in SB 1100 is \$7.5 million in dedicated funding for conservation districts. The Scarnati proposal outlines that half of the dedicated funding will be allocated to all conservation districts for any use consistent with the Conservation District Law. The second half of the funding will be distributed by the State Conservation Commission for any use consistent with the current Statement of Policy (SOP). A very similar piece of legislation, HB 1650, was introduced in the House by Representative Jim Marshall (R-Beaver).
- Representative Marguerite Quinn (R-Bucks) has introduced HB 1700 also requiring an impact fee. This legislation provides 5% (that will most likely be reduced to 4%) of the fee to be dedicated to the Conservation District Fund through the State Conservation Commission SOP, equating to approximately \$8.5 million in the first year and up to \$21 million by 2015 (using the 5% figure).
- Representative David Reed (R-Indiana) also has an amendment drafted to require an impact fee, allowing for 10% of the fee going to the conservation district fund. At the end of the legislative debate, this amendment was the mostly likely impact fee version that was going to be considered for a vote in the House.
- Senator Yudichak (D-Luzerne) and the Senate Democratic Caucus have an amendment to SB 1100 which is their version of an impact fee providing \$5 million per year for conservation district dedicated funding. This funding will be allocated by half being distributed equally to all districts and the other half to counties that provide more financial assistance to districts.
- The Pennsylvania Association of Conservation Districts (PACD) is seeking dedicated sources of funding to provide for conservation district basic staff positions as recommended by a 2005 Legislative Budget and Finance Committee report. One possible source of dedicated funding for all conservation districts is through an impact fee in Pennsylvania for extraction of oil and gas deposits.

The committee discussed the following proposed Impact Fee policy:

PACD supports legislation creating a natural gas extraction impact fee with a dedicated portion allocated to the Conservation District Fund to protect and preserve Pennsylvania's natural resources. A portion of the fee should be distributed to conservation districts statewide and the remainder should be committed specifically to conservation districts in impacted areas.

It was moved by Don Koontz and seconded by Harold Kulp to adopt the following policy:

PACD supports legislation creating a natural gas extraction impact fee with a dedicated portion allocated to the Conservation District Fund to protect and preserve Pennsylvania's natural resources. A portion of the fee should be distributed to conservation districts statewide and the remainder should be committed specifically to conservation districts in impacted areas.

Motion carried.

With a new administration pledging no new taxes, PACD has embarked on a new funding strategy, asking all Senators to discuss conservation district funding during their interviews with the DEP Secretary and PDA Secretary nominees. All districts were encouraged to write to their Senators and House members supporting dedicated funding for the Conservation District Fund. The General Assembly may consider some type of dedicated funding for local governments who have Marcellus shale in their county. PACD will continue to work with other associations and members of the General Assembly to promote dedicated funding for conservation districts.

State Budget

As was discussed at the January meeting, the Senate held their cabinet confirmation process and many conservation districts did ask their Senators to question the PDA and DEP cabinet nominees about adequate funding for the conservation district fund as was recommended by the PACD Legislative Committee.

Following approval from both the Pennsylvania Senate and House of Representatives, Governor Tom Corbett signed the final budget for fiscal year 2011-2012 on June 30 without substantial cuts to the Conservation Districts.

The Conservation District line items within the Departments of Agriculture and Environmental Protection have remained nearly unchanged from FY 2010 – 2011 (see below). In addition, funding for the nutrient management fund was restored to last year's levels.

PA Department of Agriculture

Transfer to the conservation District Fund \$1,029,000
(Reduced \$10,000 from 2010-2011)
Transfer to the Nutrient Management Fund \$2,741,000
(Remains even from 2010-2011)

PA Department of Environmental Protection

Transfer to the Conservation District Fund \$2,885,000

(Reduced \$29,000 from 2010-2011)

Chesapeake Bay Pollution Abatement \$2,750,000

(Reduced \$76,000 from 2010-2011)

Federal Legislative Update

Denise Coleman, State Conservationist gave a short report on technical assistance money, or SWAT money. We were fortunate to receive additional funding for the TAG program. Pat Sueck, NACD Director reported that the NACD Legislative Committee prioritized their legislative initiatives, conservation funding requests and protection of natural resources. NACD is trying to reduce the conservation cuts on the federal level. The estate tax is another priority for NACD. The Committee will be meeting again later in July.

Value of Conservation Districts

At the January PACD meeting, a motion passed asking PACD to pursue a study, to be done through the Pennsylvania State University, on the economic value and benefit of Pennsylvania's sixty-six conservation districts. As a result, we did include a value added statement to the annual report. Additionally PACD talked to the USDA Economic Research Service (ERS) who indicated they could not accomplish that kind of study. Additionally, we contacted Penn State who said there would be a substantial cost for them to conduct this type of project.

Other

A number of possible legislative priorities were discussed.

Adjournment

It was moved by Harold Kulp and seconded by Don Baker to adjourn the meeting. Motion carried.

The meeting was adjourned at 3:15 PM.