

ROBERT W. GODSHALL, MEMBER
150 MAIN CAPITOL BUILDING
PO BOX 202053
HARRISBURG, PENNSYLVANIA 17120-2053
PHONE: (717) 783-6428
FAX: (717) 787-7424

DISTRICT OFFICE:
1702 COWPATH ROAD
HATFIELD, PENNSYLVANIA 19440
PHONE: (215) 368-3500
FAX: (215) 361-4220
E-mail: rgodshal@pahousegop.com



House of Representatives
Commonwealth of Pennsylvania
Harrisburg

COMMITTEES

CONSUMER AFFAIRS, CHAIRMAN
INSURANCE
LEGISLATIVE BUDGET & FINANCE

June 9, 2017

The Hon. Bob Mensch, Chairman
Legislative Budget & Finance Committee
Room 400A Finance Building
PO Box 8737
Harrisburg, PA 17105

Dear Chairman Mensch:

I respectfully request that the Legislative Budget and Finance Committee undertake a study of a proposed water use fee for large water users in the Commonwealth. Such a fee has been proposed by legislation in both the House and Senate, and an independent review of both the potential revenue and impact to consumers is needed.

An outline of what I would like the study to address, along with background information, is attached.

I have already discussed this proposal with Committee staff and have been assured that the study would be relatively straightforward and could be completed in-house by the end of the year.

I look forward to an officers meeting at your earliest convenience where we can approve the study so that it may begin and end in a timely manner.

Thank you for your consideration of this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Godshall".

Robert W. Godshall
53rd Legislative District
Montgomery County

RWG:jh
cc: Philip Durgin

SUMMARY

Proposed Legislative Budget and Finance Committee Study of a Pennsylvania Water Use Fee

PURPOSE

- To study the establishment of a fee for both the consumptive use and the use-and-return of water for the purposes of providing dedicated funding for water quality innovation and improvement

COMPONENTS OF THE STUDY

The study should include an examination and analysis of:

- Consumptive use and use-and-return fees assessed by other states, including any impact on the economies of those states; and be it further
- The establishment and use of dedicated funding for water quality innovation and improvement by other states, with particular emphasis on allocation of the funding to confronting challenges arising from “nonpoint sources”
- Any legislation introduced in the General Assembly that would impose a consumptive use or use-and-return fee or other vehicle to provide dedicated funding for water quality innovation and improvement such as:
 - HB 2114 of 2015/16
 - SB 1401 of 2015/16
 - HB 20 of 2017
- The practicality of a fixed-fee system or a sliding- scale system, based on per-gallon withdrawal, per-gallon use, or other methodologies, for calculating a consumptive use or use-and-return fee on water
- Whether a minimum threshold(s) should apply to the assessment of a such a fee
- Whether the Commonwealth should consider any exemptions from the payment of the assessment of such a fee
- The potential of various fee assessments and methodologies to generate annual revenue options of \$500 million, \$300 million, and \$100 million
- The potential revenue from each of the major watersheds of the Commonwealth:
 - Great Lakes
 - Ohio
 - Susquehanna
 - Potomac
 - Delaware
- Methods of collecting any such fee

- The impacts of any such fee on:
 - entities that either consume or use-and-return water;
 - the customers of those entities, using examples such as impact per kilowatt hour of electricity, per liter of beverage, or per round of golf; and
 - the sustainability of the operation of the Commonwealth's water quality programs
- The impacts of failure to establish dedicated funding to support the Commonwealth's responsibility to provide "pure water" and to protect the "common property" interests of the people of the Commonwealth

TIMING

The Legislative Budget and Finance Committee shall report all findings and conclusions on this issue to the House of Representatives by November 30, 2017.

BACKGROUND & FINDINGS

- Pennsylvania is a water-rich state and is estimated to have 7% of the nation's waterways with more than 86,000 miles of streams and rivers, nearly 4,000 lakes covering 161,455 acres, and 80 trillion gallons of groundwater
- Article 1, section 27 of the Constitution of Pennsylvania provides in part that the people of the Commonwealth have "a right to ... pure water"
- Pure, clean water provides greater health, stronger communities, and thriving economies to all regions of the Commonwealth
- Residents of the Commonwealth rely upon clean water for drinking, recreational and commercial activities, and tourism
- Pennsylvania's ability to attract and maintain economic development as well as create and maintain a healthy environment requires investments by the Commonwealth to ensure the availability of clean water
- Article 1, section 27 of the Constitution of Pennsylvania provides, in part that, "Pennsylvania's public natural resources are the common property of all the people"
- The waters of Pennsylvania are one of these natural resources commonly held by the people of the Commonwealth
- The demand for clean water continues to grow, with withdrawals of billions of gallons of the Commonwealth's commonly held water occurring daily from both surface water and groundwater
- Of the water withdrawn, some is consumed and not returned to the waters of the Commonwealth ("consumptive use") and some is used and returned, often in a degraded condition ("use-and-return")

- The Commonwealth receives no compensation for the consumptive use and use-and-return of the water commonly held by the people of Pennsylvania
- Pennsylvania faces many water quality challenges, having approximately 19,000 miles of polluted rivers and streams and roughly 16% of the nation's "impaired" waters as defined by the federal Clean Water Act
- These challenges arise from pollution discharged from "point sources" like municipal sewage and industrial facilities but most arise from pollution conveyed from "nonpoint sources" like urban parking lots, suburban lawns, and agricultural cropland and barnyards
- Solving these challenges will require the Commonwealth to place an increased emphasis on investments in water quality improvements, and particularly new and innovative solutions designed to achieve these improvements
- Pennsylvania currently has no fee for the consumptive use or use-and-return of its waters and has no dedicated funding mechanism to address its water quality challenges, in particular its "nonpoint source" pollution
- The lack of a fee for the consumptive use or use-and-return of its waters allows for the taking of a common property without compensation to the people of the Commonwealth
- The lack of a dedicated funding source for water quality innovation and improvement makes it difficult to consistently and adequately fund water quality programs