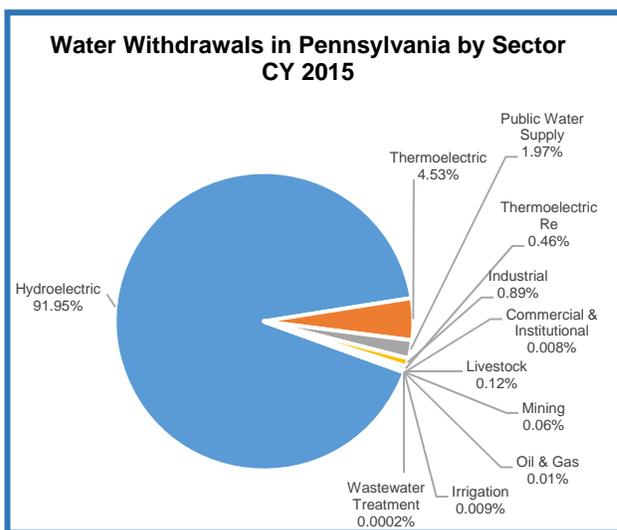


Report Highlights

Feasibility of Establishing a Water Use Fee in Pennsylvania

The Officers of the Legislative Budget and Finance Committee directed staff to study potential water use fees in the Commonwealth. The study is to determine potential revenues from House Bill 20, PN 1846 of 2017; the necessary fee rates to generate annual revenues of \$500 million, \$300 million, and \$100 million; and potential revenue from each of the major watersheds of the Commonwealth. We found:

- **In 2015, Pennsylvania withdrew 25.8 trillion gallons of water across 11 sectors.** Three of those sectors, hydroelectric power, thermoelectric power, and public water supplies accounted for 98.4 percent of total water withdrawals. Hydroelectric power, alone, accounted for 92 percent of total water withdrawals.
- **We calculated various fee rates to generate revenue levels of \$500 million, \$300 million, and \$100 million.**
 - Generating \$500 million in revenue would require a fee of \$0.000018 per gallon of water withdrawn and subsequently returned to the source and a fee of \$0.00018 per gallon of water consumed.
 - Generating \$300 million in revenue would require a fee of \$0.000010 per gallon of water withdrawn and returned and a fee of \$0.00010 per gallon of water consumed.
 - Generating \$100 million in revenue would require a fee of \$0.0000036 per gallon of water withdrawn and returned and \$0.000036 per gallon of water consumed.



- **If House Bill 20 were enacted, the proposed water fee could generate \$2.6 billion.** House Bill 20 establishes a water resource fee on water withdrawals greater than 10,000 gallons. Exempted from the fee are agricultural, municipal, community, and non-community water systems, and not-for-profit entities.

The hydroelectric power sector would pay 90 percent (\$2.4 billion) of the proposed fee. The thermoelectric power sector would pay 8 percent of the proposed fee (\$205 million).

Facility Type	Total Fees
Commercial & Institutional	\$ 391,518
Hydroelectric	2,374,218,491
Industrial	43,554,804
Irrigation	1,839,114
Mining	2,989,648
Oil & Gas	2,603,177
Thermo Power	125,714,761
Thermo Power Re	78,863,318
Wastewater	5,677

- **Sectors in the Susquehanna Watershed would generate 67 percent of fees (\$336 million) under scenarios designed to generate \$500 million, \$300 million, and \$100 million.** The watershed withdrew 18 trillion gallons of water in CY 2015—representing 69 percent of all water withdrawals.

