

Report Highlights

An Inventory of State-owned Real Property and Subsurface Mineral Rights

Senate Resolution 2010-383 called on the LB&FC to conduct a comprehensive review of the Commonwealth's inventory of real property, including roadways, bridges, waterways, and who owns the mineral rights under such properties. Our report found:

- **The Department of General Services has an extensive, though not yet complete, inventory of the state-owned property and structures.** DGS's Enterprise Facility Management System (EFMS) includes fairly comprehensive descriptive data on most Commonwealth property and structures, but does not include market value information.
- **It is up to the various agencies to identify and report surplus property.** However, DGS has not issued guidelines or criteria for agencies to use to identify surplus or underutilized property, and typically only one or two such properties a year are sold through the Disposition Plan process.
- **The EFMS lists approximately 30 vacant properties consisting of 180 vacant structures.** Most of these vacant structures are owned by DPW, primarily on the grounds of former state hospitals.
- **State-owned property is often transferred at no cost to another state agency or local government.** We identified 58 legislative acts authorizing real property conveyances in the past 3 years. Over half of these conveyances were to another state agency or local government, often with little or no monetary benefit to the Commonwealth. DGS also reports having sold or conveyed 34 properties in the past 3 years, generating \$17.8 million.
- **PennDOT maintains an inventory of the approximately 40,000 miles of state-owned roads and 25,300 state-owned bridges.** PennDOT does not specifically track ownership of mineral rights, but reports it generally does not own mineral rights under roadways or within its rights-of-way except as necessary for support of the road surface.
- **Streambeds of navigable waterways and the mineral rights under them are owned by the Commonwealth.** DCNR has recently leased land under the Susquehanna River for Marcellus Shale gas development.
- **DCNR owns the mineral rights under about 85% of its 2.2 million acres of land.** The Game Commission owns the mineral rights under about 30% of its land in the Marcellus Shale region. Little information is available, however, on who owns the mineral rights under the other 70% of PGC land or the property owned by other Commonwealth agencies.
- **Revenues generated by oil and gas leases on Commonwealth property generally must be deposited into the Oil and Gas Lease Fund.** This can discourage state agencies from entering into lease agreements.

Recommendations:

- DGS should develop criteria for Executive Branch agencies to use to identify surplus and underutilized property and develop a more strategic approach toward managing surplus and underutilized property.
- The General Assembly should consider allowing certain Executive Branch agencies to deposit at least a portion of their lease revenue into accounts which benefit those agencies.
- If the above recommendation is adopted, DGS should take the lead in assisting these agencies in developing natural gas lease agreements.
- Counties in the Marcellus Shale region should take steps to update their title records.