



**Colorado
Legislative
Council
Staff**

**Initiative # 178
INITIAL FISCAL
IMPACT STATEMENT**

Date: April 16, 2018

Fiscal Analyst: Josh Abram (303-866-3561)

LCS TITLE: REGULATION OF OIL AND GAS DEVELOPMENT

Note: This *initial* fiscal impact estimate has been prepared for the Title Board. If the initiative is placed on the ballot, Legislative Council Staff may revise this estimate for the Blue Book Voter Guide if new information becomes available.

Summary of Measure

Initiative #178 proposes amending the Colorado Constitution to declare that:

- the conduct of oil and natural gas development may impact public health, safety and welfare, and the environment;
- local governments have jurisdiction to protect public health, safety and welfare, and the environment; and
- state and local governments should not unreasonably restrict a property owner's access to his or her surface or mineral property.

The measure then adds language to the constitution to reaffirm that:

- local governments have the authority to regulate certain surface aspects of oil and natural gas development that do not conflict with state law or regulations;
- a local government's authority over oil and natural gas development includes the ability to set fair and nondiscriminatory fees to pay for inspections and monitoring within a local government's jurisdiction; and
- neither the state or a local government may unreasonably restrict a property owner from accessing his or her surface or mineral interests, or otherwise impose conditions on access or development that are not technically feasible or economically practicable.

Background

Oil and natural gas development in Colorado is governed primarily by the Oil and Gas Conservation Act (Section 34-60-100, *et seq.* C.R.S.) and by rules adopted by the Colorado Oil and Gas Conservation Commission (COGCC) in the Colorado Department of Natural Resources. The COGCC is the state agency charged with promoting the exploration, development, and conservation of oil and gas resources in the state. The Colorado Constitution contains no specific language regulating oil and gas development. In 2016, the Colorado Supreme Court ruled that state laws regulating oil and gas preempt local laws, and that local laws banning oil and gas development are unconstitutional, unenforceable, and void.

Assessment of No Fiscal Impact

Initiative #178 clarifies and restates the rights, obligations, and limits of local governments under current law to regulate oil and natural gas development within a local government's jurisdiction. The constitutional language in Initiative #178 restates authority already provided in state statute, and affirmed by state courts. The measure results in no change in the revenue, expenditures, or workload of local governments or any state agency. For this reason, the measure is assessed as having no fiscal impact.

Effective Date

Upon proclamation of the governor following the 2018 General Election.

State and Local Government Contacts

Counties

Local Affairs

Municipalities

Natural Resources

Abstract of Initiative 178: REGULATION OF OIL AND GAS DEVELOPMENT

This initial fiscal estimate, prepared by the nonpartisan Director of Research of the Legislative Council as of April, 2018, identifies the following impacts:

The abstract includes estimates of the fiscal impact of the initiative. If this initiative is to be placed on the ballot, Legislative Council Staff will prepare new estimates as part of a fiscal impact statement, which includes an abstract of that information. All fiscal impact statements are available at www.ColoradoBlueBook.com and the abstract will be included in the ballot information booklet that is prepared for the initiative.

No Fiscal Impact. Initiative #178 restates current law by placing similar language in the state constitution that exists currently in state statute, and therefore has no fiscal impact on the state or local governments.