

## **Abstract of Initiative 97: SETBACK REQUIREMENT FOR OIL AND GAS DEVELOPMENT**

**This initial fiscal estimate, prepared by the nonpartisan Director of Research of the Legislative Council as of January, 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](http://www.ColoradoBlueBook.com) and the abstract will be included in the ballot information booklet that is prepared for the initiative.

***State and Local Government Revenue and Expenditures.*** The measure is highly likely to decrease the amount of severance tax, royalty payments, and lease revenue that state and local government collects in the future, and the amount of state and local expenditures of that revenue.

***Economic Impacts.*** This measure constrains well location throughout the state except on federal lands and is likely to reduce future oil and gas development in the state. The current 500 foot setback prohibits oil and gas development on about 18 acres surrounding a given point. The measure increases the setback to a minimum of 2,500 feet or about 450 surrounding acres. To the extent that the measure reduces development, there will be less oil and gas employment, less demand for associated services, reduced rent and royalty income to mineral owners, and reduced profits for operators. Increasing the setback distance may preserve property values for homeowners most affected by the setback and, to the extent less development improves health outcomes for affected residents, may increase productivity and reduce medical costs.