



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

Initiative # 300

INITIAL FISCAL IMPACT STATEMENT

Date: April 14, 2020

Fiscal Analyst: Max Nardo (303-866-4776)

LCS TITLE: LOCAL GOVERNMENT AUTHORITY PERTAINING TO OIL AND NATURAL GAS DEVELOPMENT

Disclaimer. *This initial fiscal impact statement has been prepared for the Title Board. If the initiative is placed on the ballot, Legislative Council Staff may revise this estimate for the ballot information booklet (Blue Book) if new information becomes available.*

Summary of Measure

The measure amends the Colorado Constitution to allow any local government to assume part or all of the authority over oil and gas operations currently held by the Colorado Oil and Gas Conservation Commission (COGCC) in the Department of Natural Resources. Local governments are authorized to enter into intergovernmental agreements for regional coordination of oil and gas regulation. Local governments are not authorized by the measure to enact moratoriums on oil and gas development

Background

State and local regulation of oil and natural gas. Under current law, state regulators have primary responsibility for regulating the development of oil and natural gas in Colorado. The COGCC is the state agency that establishes and enforces these regulations. Local governments have the ability to regulate the surface impacts of oil and gas operations; zone land use for mineral resource development; site, monitor, and inspect oil and gas facilities; and to impose fees for the cost of regulation, and fines for leaks, spills, and emissions.

State Revenue and Expenditures

The measure may affect the amount of severance tax, royalty payments, and lease revenue that the state government collects in the future. The measure's revenue impact will depend on the type of regulations, if any, that local governments enact, and the effects those regulations have on overall production of oil and natural gas resources. Since these conditions are unknowable, the change in state revenue cannot be estimated.

Department of Natural Resources. Severance tax revenue received by the state funds both general operating expenses of state government and specific programs in the Department of Natural Resources, including water supply project grants and loans, low-income energy assistance, control of invasive species, and a variety of other programs.

Local Government Impact

The measure may affect local government property tax revenue as well as the amount of severance tax revenue that state government collects and then shares with those local governments most directly impacted by oil and natural gas development. The measure's impact on local revenue and expenditures will depend on the type of regulations, if any, a local government chooses to adopt. Local regulatory programs will increase a local government's expenditures. Since the type and location of potential regulations adopted at the local level are unknowable, the change in local revenue and expenditures cannot be estimated.

Economic Impact

Economic impacts will depend on the regulations enacted by local governments. Local regulations that reduce regulatory costs on oil and gas development or otherwise allow more development may increase employment in the industry, create greater demand for associated services, increase rent and royalty income to mineral owners, increase profits for operators, and increase state and local government tax revenue. Increased oil and gas development may have adverse health and environmental impacts, which may impact employment or industry activity in other areas of the economy. Conversely, local regulations that restrict activity or increase regulatory costs will have the opposite effects.

Effective Date

If approved by voters at the 2020 general election, this measure takes effect upon proclamation of the Governor, no later than 30 days after the official canvass of the vote is completed.

State and Local Government Contacts

Natural Resources

Public Health and Environment

Municipalities

Local Affairs

Counties

Law

Abstract of Initiative 300: LOCAL GOVERNMENT AUTHORITY PERTAINING TO OIL AND NATURAL GAS DEVELOPMENT

The abstract includes estimates of the fiscal impact of the proposed 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.

This initial fiscal estimate, prepared by the nonpartisan Director of Research of the Legislative Council as of April, 2020, identifies the following impacts:

State revenue and expenditures. The measure may affect the amount of severance tax, royalty payments, and lease revenue that the state government collects in the future. The measure's revenue impact will depend on the type of regulations, if any, that local governments enact, and the effects those regulations have on the overall production of oil and natural gas resources. Since these conditions are unknowable, the change in state revenue cannot be estimated.

Local government impact. The measure may affect local government property tax revenue as well as the amount of severance tax revenue that state government collects and then shares with those local governments most directly impacted by oil and natural gas development. The measure's impact on local revenue and expenditures will depend on the type of regulations, if any, a local government chooses to adopt. Local regulatory programs will increase a local government's expenditures. Since the type and location of regulations adopted at the local level are unknowable, the change in local revenue and expenditures cannot be estimated.

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