

Second Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 14-0254.02 Ed DeCecco x4216

HOUSE BILL 14-1064

HOUSE SPONSORSHIP

Sonnenberg,

SENATE SPONSORSHIP

Brophy,

House Committees

Local Government
Appropriations

Senate Committees

A BILL FOR AN ACT

101 CONCERNING THE DISTRIBUTION OF SEVERANCE TAX REVENUE TO A
102 LOCAL GOVERNMENT THAT LIMITS OIL AND GAS EXTRACTION.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/bills summaries>.)

Moneys in the local government severance tax fund are primarily used for 2 purposes:

- ! For the executive director of the department of local affairs to provide grants and loans to political subdivisions impacted by development, processing, or energy

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

conversion of minerals and mineral fuels; and
! For direct distributions to counties and municipalities based
on factors related to oil and gas production.

The bill prohibits any local government that has a moratorium or a permanent prohibition on the extraction of oil and gas from receiving more direct distributions or grants and loans than the local government received in the fiscal year during which the moratorium or permanent prohibition was enacted.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 39-29-110, **amend**
3 (1) (c) (I) introductory portion and (1) (c) (III) introductory portion; and
4 **add** (1) (b) (V) and (1) (g) as follows:

5 **39-29-110. Local government severance tax fund - creation -**
6 **administration - definitions.** (1) (b) (V) NOTWITHSTANDING ANY
7 PROVISION OF THIS PARAGRAPH (b) TO THE CONTRARY, BEGINNING JULY
8 1, 2014, THE TOTAL AMOUNT OF THE DISTRIBUTIONS OR LOANS THE
9 EXECUTIVE DIRECTOR MAKES TO A POLITICAL SUBDIVISION THAT HAS A
10 MORATORIUM OR A PERMANENT PROHIBITION ON THE EXTRACTION OF OIL
11 AND GAS WITHIN THE POLITICAL SUBDIVISION SHALL NOT EXCEED THE
12 AMOUNT OF THE GRANTS OR LOANS THE POLITICAL SUBDIVISION RECEIVED
13 IN THE FISCAL YEAR DURING WHICH THE MORATORIUM OR PERMANENT
14 PROHIBITION WAS ENACTED. THIS RESTRICTION DOES NOT APPLY FOR THE
15 NEXT FISCAL YEAR THAT BEGINS AFTER THE POLITICAL SUBDIVISION ENDS
16 THE MORATORIUM OR PERMANENT PROHIBITION.

17 (c) (I) For state fiscal years commencing prior to July 1, 2008, an
18 amount equal to thirty percent of said gross receipts credited to the local
19 government severance tax fund shall be distributed to counties or
20 municipalities on the basis of the proportion of employees of the mine or
21 related facility or crude oil, natural gas, or oil and gas operation who

1 reside in any such county's unincorporated area or in any such
2 municipality to the total number of employees of the mine or related
3 facility or crude oil, natural gas, or oil and gas operation. Such
4 distribution shall be made on the basis of the report required in paragraph
5 (d) of this subsection (1). For state fiscal years commencing on or after
6 July 1, 2008, EXCEPT AS SET FORTH IN PARAGRAPH (g) OF THIS
7 SUBSECTION (1), thirty percent of said gross receipts credited to the local
8 government severance tax fund shall be allocated to counties based upon
9 the following factors:

10 (III) Except as otherwise set forth in subparagraph (IV) of this
11 paragraph (c) AND PARAGRAPH (g) OF THIS SUBSECTION (1), the moneys
12 allocated to each county pursuant to this paragraph (c) shall be further
13 distributed to the county and to each municipality within the county based
14 upon the following factors:

15 (g) BEGINNING JULY 1, 2014, THE DISTRIBUTION PURSUANT TO
16 PARAGRAPH (c) OF THIS SUBSECTION (1) FOR A COUNTY OR MUNICIPALITY
17 THAT HAS A MORATORIUM OR A PERMANENT PROHIBITION ON THE
18 EXTRACTION OF OIL AND GAS WITHIN ITS BOUNDARIES SHALL NOT EXCEED
19 THE AMOUNT OF THE DISTRIBUTION THAT THE COUNTY OR MUNICIPALITY
20 RECEIVED IN THE FISCAL YEAR DURING WHICH THE MORATORIUM OR
21 PERMANENT PROHIBITION WAS ENACTED. THIS RESTRICTION DOES NOT
22 APPLY FOR THE NEXT FISCAL YEAR THAT BEGINS AFTER THE COUNY OR
23 MUNICIPALITY ENDS THE MORATORIUM OR PERMANENT PROHIBITION. THE
24 MONEYS THAT WOULD OTHERWISE HAVE BEEN DISTRIBUTED TO THE
25 COUNTY OR MUNICIPALITY ARE REDISTRIBUTED ON A PRO RATA BASIS TO
26 ALL OTHER ELIGIBLE COUNTIES AND MUNICIPALITIES.

27 **SECTION 2. Safety clause.** The general assembly hereby finds,

- 1 determines, and declares that this act is necessary for the immediate
- 2 preservation of the public peace, health, and safety.