

Second Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

REREVISED

*This Version Includes All Amendments
Adopted in the Second House*

LLS NO. 14-1047.01 Jason Gelender x4330

HOUSE BILL 14-1371

HOUSE SPONSORSHIP

Young, Buck

SENATE SPONSORSHIP

Grantham, Tochtrop

House Committees
Finance

Senate Committees
Finance

A BILL FOR AN ACT

101 **CONCERNING PROPERTY TAXATION OF OIL AND GAS LEASEHOLDS AND**
102 **LANDS, AND, IN CONNECTION THEREWITH, SPECIFYING THAT THE**
103 **WELLHEAD IS THE POINT OF VALUATION AND TAXATION FOR**
104 **SUCH LEASEHOLDS AND LANDS.**

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/billsummaries>.)

The bill specifies that for property tax purposes, the wellhead is the point of valuation and taxation for oil and gas leaseholds and lands.

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.

SENATE
3rd Reading Unamended
May 2, 2014

SENATE
2nd Reading Unamended
May 1, 2014

HOUSE
3rd Reading Unamended
April 21, 2014

HOUSE
2nd Reading Unamended
April 17, 2014

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-7-101, **amend** (1)
3 introductory portion, (1) (a), and (1) (c) as follows:

4 **39-7-101. Statement of owner or operator.** (1) Every operator
5 of, or if there is no operator, every person owning any oil or gas leasehold
6 or lands within this state, either as a single lease or as a unit, ~~which~~
7 ~~leaseholds or lands~~ THAT are producing or are capable of producing oil or
8 gas on the assessment date of any year, shall, no later than the fifteenth
9 day of April of each year, prepare, sign under the penalty of perjury in the
10 second degree, and file in person or by mail with the assessor of the
11 county ~~wherein such~~ IN WHICH THE WELLHEAD PRODUCING THE oil and
12 gas leaseholds or lands ~~are~~ IS located a statement for ~~such~~ THE lease or
13 unit. FOR PURPOSES OF THIS ARTICLE, IRRESPECTIVE OF THE PHYSICAL
14 LOCATION OF THE PRODUCING LEASEHOLDS OR LANDS, THE POINT OF
15 TAXATION IS THE SAME AS THE POINT OF VALUATION, WHICH IS THE
16 WELLHEAD. THE STATEMENT MUST BE MADE on a form prescribed by the
17 administrator, showing:

18 (a) The WELLHEAD location thereof and the name thereof, if there
19 is a name;

20 (c) The number of barrels of oil, or the quantity of gas measured
21 in thousands of cubic feet, sold or transported from the ~~premises~~
22 WELLHEAD during the calendar year immediately preceding, after
23 separately reporting the number of barrels of oil, or the quantity of gas
24 measured in thousands of cubic feet, delivered to the United States
25 government or any agency thereof, the state of Colorado or any agency or
26 political subdivision thereof, or any Indian tribe as royalty during the

1 calendar year immediately preceding;

2 **SECTION 2.** In Colorado Revised Statutes, 39-7-102, **amend** (1)

3 (a) as follows:

4 **39-7-102. Valuation for assessment.** (1) Except as provided in
5 subsection (2) of this section, on the basis of the information contained
6 in such statement, the assessor shall value such oil and gas leaseholds and
7 lands for assessment, as real property, at an amount equal to eighty-seven
8 and one-half percent of:

9 (a) The selling price of the oil or gas sold ~~therefrom~~ FROM EACH
10 WELLHEAD during the preceding calendar year, after excluding the selling
11 price of all oil or gas delivered to the United States government or any
12 agency thereof, the state of Colorado or any agency thereof, or any
13 political subdivision of the state as royalty during the preceding calendar
14 year;

15 **SECTION 3.** In Colorado Revised Statutes, **amend** 39-7-107 as
16 follows:

17 **39-7-107. Oil and gas lands in more than one county.**

18 (1) Whenever any oil and gas leaseholds or lands ~~are~~ APPEAR TO BE
19 situated ~~partly~~ in MORE THAN one county, ~~and partly in another county or~~
20 ~~in lesser political subdivisions, the person making the statement required~~
21 ~~by the provisions of section 39-7-101 shall allocate the production value~~
22 ~~between such counties or lesser political subdivisions in the proportion~~
23 ~~that the surface acreage of such oil and gas leaseholds or lands situated~~
24 ~~within each such county or lesser political subdivision bears to the total~~
25 ~~surface acreage thereof~~ THE PRODUCTION VALUE IS ASSIGNED TO THE
26 COUNTY IN WHICH THE WELLHEAD IS LOCATED.

27 (2) Whenever THE WELLHEADS OF a group of contiguous oil and

1 gas leaseholds or lands operated as a unit ~~is~~ ARE situated partly in MORE
2 THAN one county, and ~~partly in another county or lesser political~~
3 ~~subdivisions~~, the person making the statement required by the provisions
4 of section 39-7-101 shall assign to each ~~county or lesser political~~
5 ~~subdivision~~ WELLHEAD that portion of the production value from the unit
6 as is assigned by the unit agreement. ~~to the oil and gas leaseholds or lands~~
7 ~~actually situated in each such county or lesser political subdivision.~~

8 (3) ~~Whenever any oil and gas leaseholds or lands are situated~~
9 ~~partly in one county and partly in another~~ UNIT PRODUCTION OCCURS
10 FROM WELLHEADS IN MORE THAN ONE county, a copy of the statement
11 required by the provisions of section 39-7-101 shall be filed with the
12 assessor of each ~~such~~ AFFECTED county.

13 **SECTION 4. Act subject to petition - effective date -**
14 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
15 the expiration of the ninety-day period after final adjournment of the
16 general assembly (August 6, 2014, if adjournment sine die is on May 7,
17 2014); except that, if a referendum petition is filed pursuant to section 1
18 (3) of article V of the state constitution against this act or an item, section,
19 or part of this act within such period, then the act, item, section, or part
20 will not take effect unless approved by the people at the general election
21 to be held in November 2014 and, in such case, will take effect on the
22 date of the official declaration of the vote thereon by the governor.

23 (2) This act applies to property tax years commencing on or after
24 January 1, 2014.