



Colorado Legislative Council Staff Fiscal Note
LOCAL
FISCAL IMPACT

Drafting Number: LLS 08-1184
Prime Sponsor(s): Rep. Buescher
 Sen. Penry

Date: April 24, 2008
Bill Status: House Health and Human Services
Fiscal Analyst: Amy Larsen (303-866-3488)

TITLE: CONCERNING AN INCREASE IN THE REGULATION OF THE DISPOSAL OF EXPLORATION AND PRODUCTION WASTES FROM OIL AND GAS OPERATIONS AT COMMERCIAL SOLID WASTE FACILITIES PURSUANT TO RULES PROMULGATED BY THE SOLID AND HAZARDOUS WASTE COMMISSION.

Fiscal Impact Summary	FY 2008-2009	FY 2009-2010
State Revenue	\$ 0	\$ 0
State Expenditures	\$ 0	\$ 0
FTE Position Change	0.0 FTE	0.0 FTE
Effective Date: Upon signature of the Governor or upon the bill becoming law without his signature.		
Appropriation Summary for FY 2008-2009: None required.		
Local Government Impact: See Local Government Impact section of the fiscal note.		

Summary of Legislation

This bill requires the Solid and Hazardous Waste Commission to promulgate rules for the regulation of oil and gas exploration and production waste disposal facilities. The rules must be at least as restrictive as those promulgated by the Colorado Oil and Gas Conservation Commission and must include the following:

- mandatory set-back of one-half mile from homes, schools, day care centers, certain medical facilities, other occupied structures, and outdoor activity areas such as parks;
- mandatory fabricated liners and monitoring requirements to prevent the migration of waste to groundwater;
- waste analysis and reporting requirements;
- fencing and netting requirements;
- contingency plans; and
- financial assurance requirements.

Oil and gas exploration and production waste facilities currently in operation must file an application to update a facility's certificate of designation with the local government and with the Department of Public Health and Environment within 3 months after the commission implements rules. Existing facilities have 2 years to fully comply with the rules, but are not required to comply with the set-back requirement.

In addition, the bill specifies that a local government does not have to follow the recommendation of the Department of Public Health and Environment related to issuing or amending a certificate of designation for these waste facilities if the department's recommendation is based solely on non-technical impacts.

State Expenditures

No additional state expenditures are expected as a result of this bill.

The Department of Public Health and Environment, Division of Hazardous Material and Waste Management Division, is expected to assist the Solid and Hazardous Waste Commission in promulgating rules. Since the commission is currently in the process of revising and updating rules related to waste facilities, any additional costs for hearings and other activities are expected to be minimal and absorbable within existing resources.

In addition, the department is expected to review applications to amend waste disposal facility certificates of designation for 7 oil and gas exploration and production waste disposal facilities. If the department is unable to review an application in a timely manner, a private contractor can be used with the contractor's fee paid by the applicant. Due to the limited number of facilities, no additional funding is required.

Local Government Impact

According to the Department of Public Health and Environment, the 7 oil and gas exploration and production waste disposal facilities are located on the western slope. Local governments in the region are expected to receive applications to amend waste disposal facility certificates of designation. Under current law, these local governments can charge an application fee to cover the costs incurred for application review.

Departments Contacted

Local Affairs

Natural Resources

Public Health and Environment