

Initiative 121
Distribution of Oil and Gas Revenue

Ballot Title: Shall there be a change to the Colorado Revised Statutes concerning the distribution of oil and gas revenues administered by the state, and, in connection therewith, prohibiting a local government that prohibits oil and gas production or development from receiving any oil and gas revenues administered by the state during the prohibition; providing for the proportional reduction of such oil and gas revenues distributed to a special district not having a prohibition based upon the extent the district's boundaries overlap with the boundaries of a local government having such a prohibition; and requiring those revenues be redistributed to other local governments that allow oil and gas production or development?

Be it Enacted by the People of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, **add** article 116 to title 24 as follows:

ARTICLE 116

FAIR DISTRIBUTION OF OIL AND GAS REVENUE

24-116-101. PURPOSE. (1) TEMPORARY OR PERMANENT PROHIBITIONS ON RESPONSIBLE ENERGY DEVELOPMENT NEGATIVELY IMPACT THE FINANCIAL HEALTH OF THE STATE OF COLORADO AND ITS CITIZENS. AS A MATTER OF FAIRNESS AND EQUITY, LOCAL GOVERNMENTS THAT BAN RESPONSIBLE OIL AND GAS DEVELOPMENT SHOULD NOT CONTINUE TO RECEIVE TAX REVENUES FROM THE ACTIVITIES IT PROHIBITS.

(2) A LOCAL GOVERNMENT THAT BANS OR PROHIBITS ENERGY DEVELOPMENT SHOULD NOT BE ELIGIBLE TO RECEIVE STATE TAX REVENUES THAT COME FROM THOSE ACTIVITIES IN OTHER PARTS OF THE STATE WHERE DEVELOPMENT IS ALLOWED. IF A LOCAL GOVERNMENT LIFTS A BAN OR PROHIBITION ON ENERGY DEVELOPMENT, THE LOCAL GOVERNMENT'S SHARE OF TAX REVENUE OR BENEFITS SHOULD BE RESTORED.

(3) A LOCAL GOVERNMENT THAT CONTINUES TO ALLOW RESPONSIBLE OIL AND GAS DEVELOPMENT ACTIVITIES REGULATED UNDER STRINGENT STATE LAWS SHOULD CONTINUE TO RECEIVE REVENUES AND BENEFITS FROM THOSE ACTIVITIES.

24-116-102. FAIR DISTRIBUTION OF OIL AND GAS REVENUE. (1) NOTWITHSTANDING ANY PROVISION TO THE CONTRARY, BEGINNING JULY 1, 2015, ANY LOCAL GOVERNMENT, INCLUDING ANY COUNTY, MUNICIPALITY, SPECIAL DISTRICT, OR OTHER DISTRICT OR POLITICAL SUBDIVISION, HAVING A SUSPENSION, MORATORIUM, BAN, OR EFFECTIVELY PROHIBITING ANY METHOD OF THE PRODUCTION OF OIL AND GAS OR PERMITTING OF OIL AND GAS DEVELOPMENT, INCLUDING BUT NOT LIMITED TO THE USE OF HYDRAULIC FRACTURING, SHALL NOT BE ELIGIBLE TO RECEIVE OIL AND GAS REVENUES ADMINISTERED BY THE STATE THAT ARE DERIVED FROM THOSE ACTIVITIES.

(2) FOR PURPOSES OF THIS SECTION, "OIL AND GAS REVENUES" SUBJECT TO THIS RESTRICTION INCLUDE BUT ARE NOT LIMITED TO SEVERANCE TAX FUNDS, GRANTS AND LOANS ADMINISTERED UNDER SECTIONS 22-43.7-104, 39-29-109 AND 39-29-110, C.R.S., FEDERAL MINERAL LEASE REVENUES, REVENUES FROM STATE LANDS, AND ANY OTHER STATE ADMINISTERED FUNDS OR BENEFITS DERIVED FROM THE PROHIBITED ACTIVITIES.

(3) IF A LOCAL GOVERNMENT LIFTS A BAN OR PROHIBITION ON OIL AND GAS DEVELOPMENT, THE LOCAL GOVERNMENT'S SHARE OF TAX REVENUE OR BENEFITS SHALL BE RESTORED.

(4) A LOCAL GOVERNMENT PROHIBITED FROM RECEIVING REVENUES UNDER THIS SECTION SHALL NOT RECEIVE OFFSETTING STATE REVENUES FROM OTHER SOURCES TO CIRCUMVENT THE RESTRICTIONS SET FORTH IN THIS SECTION.

1 (5) SPECIAL DISTRICTS SHALL NOT BE ORGANIZED OR USED TO CIRCUMVENT THE FUNDING RESTRICTIONS
2 SET FORTH IN THIS SECTION. IF THE BOUNDARIES OF A SPECIAL DISTRICT, AS FILED IN ACCORDANCE WITH
3 COLORADO REVISED STATUTES 32-1-104, INCLUDE ANY PORTION OF A LOCAL GOVERNMENT THAT IS INELIGIBLE
4 TO RECEIVE REVENUES PURSUANT TO THIS SECTION, ANY DISTRIBUTION OF THE OIL AND GAS REVENUES TO THE
5 SPECIAL DISTRICT SHALL BE REDUCED PROPORTIONALLY TO REFLECT THE PERCENTAGE OF THE INELIGIBLE LOCAL
6 GOVERNMENT'S PROPERTY WITHIN THE SPECIAL DISTRICT.

7 (6) IF OIL AND GAS REVENUES ARE COMINGLED WITH OTHER REVENUE SOURCES, THE EXECUTIVE
8 DEPARTMENT SHALL IMPLEMENT RULES, AS PROVIDED IN SECTION 24-116-103, TO ENSURE THAT LOCAL
9 GOVERNMENTS DO NOT RECEIVE THE INELIGIBLE PORTION OF ANY DISTRIBUTION THAT WOULD OCCUR IF THE
10 LOCAL GOVERNMENT WERE NOT INELIGIBLE FOR REVENUES UNDER THIS SECTION. THE REVENUES WITHHELD
11 FROM INELIGIBLE LOCAL GOVERNMENTS UNDER THIS SECTION SHALL BE DISTRIBUTED TO ALL OTHER ELIGIBLE
12 LOCAL GOVERNMENTS.

13 **24-116-103. IMPLEMENTATION.** (1) THE EXECUTIVE DEPARTMENT OF THE STATE MAY ADOPT RULES TO
14 ENSURE THAT THIS ARTICLE IS IMPLEMENTED IN A REASONABLE, EQUITABLE AND EFFECTIVE MANNER, CONSISTENT
15 WITH THE PURPOSE OF PROHIBITING LOCAL GOVERNMENTS FROM RECEIVING STATE REVENUES DERIVED FROM OIL
16 AND GAS ACTIVITIES THAT THE LOCAL GOVERNMENT HAS PROHIBITED.

17 (2) ALL PROVISIONS OF THIS ARTICLE ARE SEVERABLE AND SHALL SUPERSEDE CONFLICTING STATE AND
18 LOCAL PROVISIONS.

19 (3) IF ANY PROVISION OF THIS ARTICLE IS HELD INVALID, THE REMAINING PROVISIONS SHALL REMAIN
20 UNIMPAIRED.

21 **SECTION 2.** THIS ARTICLE SHALL BE EFFECTIVE JULY 1, 2015.