

**Second Regular Session  
Sixty-eighth General Assembly  
STATE OF COLORADO**

**REREVISED**

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

LLS NO. 12-0098.01 Esther van Mourik x4215

**SENATE BILL 12-031**

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**SENATE SPONSORSHIP**

**White,**

**HOUSE SPONSORSHIP**

**Bradford and Baumgardner,**

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**Senate Committees**

Agriculture, Natural Resources, and Energy

**House Committees**

Local Government

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**A BILL FOR AN ACT**

101 **CONCERNING FEDERAL MINERAL LEASE DISTRICTS.**

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**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 changes the laws regarding the formation of a federal mineral lease district, including changes to the district's and district board of director's powers, in order for the district to be more autonomous from the county creating the district. The bill specifies that a federal mineral lease district is an independent body politic, separate and distinct from the county that creates it. Powers of the district and the board of directors are further enumerated. The bill also establishes how a district may be

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.*

HOUSE  
3rd Reading Unam ended  
March 22, 2012

HOUSE  
Am ended 2nd Reading  
March 20, 2012

SENATE  
3rd Reading Unam ended  
February 27, 2012

SENATE  
2nd Reading Unam ended  
February 10, 2012

dissolved and clarifies the membership and terms of the board of directors. The bill specifies that the district may reserve all or a portion of the federal mineral lease funding for use in subsequent years in order to maximize the usefulness of the direct or indirect distribution of funding for the areas socially or economically impacted by the development, processing, or energy conversion of fuels and minerals leased under a federal act.

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

2 **SECTION 1.** In Colorado Revised Statutes, **amend** 30-20-1302  
3 as follows:

4 **30-20-1302. Legislative declaration.** (1) The general assembly  
5 hereby finds, determines, and declares that IT IS COMMITTED TO MAKING  
6 SURE THAT ALL AVAILABLE FUNDING RECEIVED FROM FEDERAL MINERAL  
7 LEASING AND DISTRIBUTED AS SPECIFIED IN SECTION 34-63-102 (5.4) (c),  
8 C.R.S., IS USED TO ALLEVIATE SOCIAL, ECONOMIC, AND PUBLIC FINANCE  
9 IMPACTS RESULTING FROM THE DEVELOPMENT OF NATURAL RESOURCES IN  
10 THIS STATE, SUBJECT TO THE LIMITATIONS PROVIDED FOR IN THE FEDERAL  
11 ACT.

12 ~~(a) It is of statewide concern to maximize the amount of payment~~  
13 ~~in lieu of taxes that counties in Colorado annually receive;~~

14 ~~(b) Counties help manage thousands of acres of public lands in~~  
15 ~~Colorado, and payment in lieu of taxes funding from the federal~~  
16 ~~government defrays county public land management costs; and~~

17 ~~(c) Counties would not be able to fund important services and~~  
18 ~~programs for Colorado citizen enjoyment of public lands without~~  
19 ~~maximizing payment in lieu of taxes funding to Colorado.~~

20 (2) The general assembly further finds and declares that ~~as a result~~  
21 ~~of the United States department of the interior declaring that federal~~  
22 ~~mineral lease payments to counties are to be counted as prior-year~~

1 ~~payments under the payment in lieu of taxes payment formula, as~~  
2 ~~described in 31 U.S.C. sec. 6902, Colorado counties will lose millions of~~  
3 ~~dollars otherwise dedicated to Colorado public land management~~ THE  
4 PURPOSE OF THIS LEGISLATION IS TO MAXIMIZE THE LONG-TERM BENEFIT  
5 OF FUNDING DERIVED FROM FEDERAL MINERAL LEASING BY AUTHORIZING  
6 THE CREATION OF FEDERAL MINERAL LEASE DISTRICTS AS FUNDING AND  
7 SERVICE DELIVERY MECHANISMS, WHICH WILL, CONSISTENT WITH SOUND  
8 FINANCIAL PRACTICES, RESULT IN THE GREATEST USE OF FINANCIAL  
9 RESOURCES FOR THE GREATEST NUMBER OF CITIZENS OF THIS STATE, WITH  
10 PRIORITY GIVEN TO THOSE COMMUNITIES DESIGNATED AS IMPACTED BY  
11 THE DEVELOPMENT OF NATURAL RESOURCES COVERED IN THE FEDERAL  
12 ACT.

13 (3) The general assembly further finds and declares that ~~in order~~  
14 ~~to maximize the amount of payment in lieu of taxes funding Colorado~~  
15 ~~receives, county federal mineral lease payments must be protected from~~  
16 ~~the new federal prior-year payment method. To that end, counties should~~  
17 ~~have the ability to collaborate with state and local stakeholders within the~~  
18 ~~framework of a federal mineral lease district to ensure protection of~~  
19 ~~payment in lieu of taxes funding dedicated to public land management in~~  
20 ~~Colorado~~ FEDERAL MINERAL LEASE DISTRICTS PROVIDE AN EFFECTIVE  
21 MECHANISM TO EXPEDITE THE DISTRIBUTION OF FUNDING, WITHOUT THE  
22 USE OR INCREASE OF AD VALOREM AND OTHER TAXES, TO THOSE  
23 COMMUNITIES DESIGNATED AS IMPACTED BY THE DEVELOPMENT OF  
24 NATURAL RESOURCES COVERED BY THE FEDERAL ACT.

25 **SECTION 2.** In Colorado Revised Statutes, 30-20-1303, **add**  
26 (1.5) and (2.5) as follows:

27 **30-20-1303. Definitions.** As used in this part 13, unless the

1 context otherwise requires:

2 (1.5) "DISTRIBUTE" MEANS TO GRANT, LOAN, COMMIT, OR  
3 OTHERWISE EXPEND AVAILABLE FUNDING TO ACHIEVE THE PURPOSES OF  
4 THE DISTRICT CONSISTENT WITH THIS PART 13.

5 (2.5) "FEDERAL ACT" MEANS SECTION 35 OF THE FEDERAL  
6 "MINERAL LANDS LEASING ACT" OF FEBRUARY 25, 1920, AS AMENDED.

7 **SECTION 3.** In Colorado Revised Statutes, 30-20-1304, **amend**  
8 (2) (c), (4), and (5); **repeal** (3); and **add** (6) as follows:

9 **30-20-1304. Power to create federal mineral lease districts.**

10 (2) A board of county commissioners shall create a district by duly  
11 adopting, by majority vote, a resolution to that effect, and the resolution  
12 shall set forth:

13 (c) A description of the boundaries of the district, WHICH MAY  
14 INCLUDE ANY MUNICIPALITY WITHIN THE COUNTY CREATING THE  
15 DISTRICT;

16 (3) ~~The governing body of a municipality may enact an ordinance~~  
17 ~~proposing to join a district before the adoption of a resolution by a board~~  
18 ~~of county commissioners pursuant to subsection (1) of this section.~~

19 (4) No later than the first business day after the adoption of a  
20 resolution, the county clerk and recorder shall transmit a certified copy of  
21 the resolution to THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF  
22 LOCAL AFFAIRS, WHO SHALL, UPON RECEIPT OF THE CERTIFIED COPY OF  
23 THE RESOLUTION, ALLOCATE ALL FUTURE FUNDING DIRECTLY TO THE  
24 DISTRICT.

25 ~~(a) The governing body of each municipality named in the~~  
26 ~~resolution; and~~

27 ~~(b) The executive director of the department of local affairs, who~~

1 shall, upon receipt of the certified copy of the resolution, allocate all  
2 future funding directly to the district.

3 (5) A district shall be active for two years from the date of the  
4 resolution creating the district. Prior to the end of the two-year period, the  
5 board of county commissioners may pass a reauthorizing resolution to  
6 continue the existence of the district for another two years ORGANIZED  
7 PURSUANT TO THIS PART 13 MAY BE DISSOLVED BY THE DISTRICT BOARD  
8 AFTER NOT LESS THAN FIFTEEN DAYS' NOTICE TO THE PUBLIC IS GIVEN AND  
9 A HEARING IS HELD. THE NOTICE SHALL BE PUBLISHED IN AT LEAST ONE  
10 NEWSPAPER OF GENERAL CIRCULATION IN THE COUNTY IN WHICH THE  
11 DISTRICT IS LOCATED. AFTER HEARING ANY PROTESTS AGAINST OR  
12 OBJECTIONS TO DISSOLUTION, IF A MAJORITY OF THE DISTRICT BOARD  
13 DETERMINES THAT IT IS IN THE BEST INTERESTS OF ALL CONCERNED TO  
14 DISSOLVE THE DISTRICT, THE DISTRICT BOARD SHALL SO PROVIDE BY  
15 RESOLUTION, AND VERIFIED COPIES OF THE RESOLUTION SHALL BE FILED  
16 WITHIN THREE BUSINESS DAYS WITH THE OFFICE OF THE COUNTY CLERK  
17 AND RECORDER IN THE COUNTY IN WHICH THE DISTRICT IS LOCATED AND  
18 WITH THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF LOCAL AFFAIRS.  
19 UPON SUCH FILINGS, THE DISSOLUTION SHALL BE COMPLETE, EXCEPT THAT  
20 NO DISTRICT SHALL BE DISSOLVED UNTIL ALL FUNDING IS DISTRIBUTED  
21 CONSISTENT WITH THIS PART 13 AND HAS SATISFIED OR PAID IN FULL ALL  
22 OF ITS OUTSTANDING INDEBTEDNESS, OBLIGATIONS, AND LIABILITIES.

23 (6) NOTWITHSTANDING ANY OTHER PROVISION IN SUBSECTION (5)  
24 OF THIS SECTION, ANY BOARD OF COUNTY COMMISSIONERS OF A COUNTY  
25 THAT INITIATED AND PASSED A RESOLUTION TO CREATE A DISTRICT AS  
26 DESCRIBED IN SECTION 30-20-1304 (2) AS SUCH SECTION EXISTED BEFORE  
27 THE EFFECTIVE DATE OF THIS SUBSECTION (6) MAY, WITHIN NINETY DAYS

1 OF THE EFFECTIVE DATE OF THIS SUBSECTION (6), INITIATE AND PASS A  
2 RESOLUTION TO DISSOLVE THE DISTRICT. FOR ANY DISTRICT DISSOLVED  
3 PURSUANT TO THIS SUBSECTION (6), ALL UNDISTRIBUTED FUNDING SHALL  
4 BE PAID OVER TO THE COUNTY.

5 **SECTION 4.** In Colorado Revised Statutes, **repeal** 30-20-1305  
6 as follows:

7 **30-20-1305. Approval of service plan.** ~~(1) The board of county~~  
8 ~~commissioners of a county that creates a district shall constitute the~~  
9 ~~approving authority for the district service plan.~~

10 ~~(2)(a) The service plan shall be submitted to the board of county~~  
11 ~~commissioners for approval no later than ninety days after the date of the~~  
12 ~~resolution creating the district.~~

13 ~~(b) The service plan shall include requirements for annual audits~~  
14 ~~of all of the funding the district receives. Copies of the audits shall be~~  
15 ~~sent annually to the state treasurer.~~

16 ~~(3) Upon submission of the service plan, the board of county~~  
17 ~~commissioners may:~~

18 ~~(a) Approve without condition or modification the service plan;~~

19 ~~(b) Disapprove the service plan; or~~

20 ~~(c) Conditionally approve the service plan subject to submission~~  
21 ~~of additional information relating to the modification of the proposed~~  
22 ~~service plan.~~

23 **SECTION 5.** In Colorado Revised Statutes, **add** 30-20-1305.5 as  
24 follows:

25 **30-20-1305.5. Powers of a district.** (1) EACH DISTRICT FORMED  
26 PURSUANT TO THIS PART 13 IS AN INDEPENDENT PUBLIC BODY POLITIC AND  
27 CORPORATE. EACH DISTRICT IS A PUBLIC INSTRUMENTALITY, AND ITS

1 EXERCISE OF THE POWERS SPECIFIED IN THIS PART 13 ARE DEEMED AND  
2 HELD TO BE THE PERFORMANCE OF AN ESSENTIAL PUBLIC FUNCTION. A  
3 DISTRICT IS NOT AN AGENCY OF COUNTY OR STATE GOVERNMENT AND IS  
4 NOT SUBJECT TO ADMINISTRATIVE DIRECTION BY ANY DEPARTMENT,  
5 COMMISSION, BOARD, OR AGENCY OF A COUNTY OR THE STATE.

6 (2) IN ADDITION TO ANY OTHER POWERS GRANTED TO A DISTRICT  
7 BY THIS PART 13, A DISTRICT HAS THE FOLLOWING POWERS:

8 (a) TO SUE AND BE SUED;

9 (b) TO ENTER INTO CONTRACTS AND AGREEMENTS INCLUDING  
10 THOSE DESCRIBED IN SECTION 29-1-201, C.R.S.;

11 (c) TO ACQUIRE REAL OR PERSONAL PROPERTY OR AN INTEREST IN  
12 REAL OR PERSONAL PROPERTY;

13 (d) TO SELL, CONVEY, LEASE, EXCHANGE, TRANSFER, OR  
14 OTHERWISE DISPOSE OF ALL OR ANY PART OF THE DISTRICT'S PROPERTY OR  
15 ASSETS;

16 (e) TO ENTER INTO GRANT OR LOAN AGREEMENTS;

17 (f) IN ORDER TO CARRY OUT THE PURPOSES OF THIS PART 13, TO  
18 BORROW MONEY AS EVIDENCED BY REVENUE BONDS, CERTIFICATES,  
19 WARRANTS, NOTES, AND DEBENTURES IN ACCORDANCE WITH THE  
20 PROVISIONS OF THIS PART 13;

21 (g) TO ADOPT AN OFFICIAL SEAL;

22 (h) TO DISTRIBUTE FUNDING TO AN AREA OUTSIDE THE DISTRICT  
23 BOUNDARIES CONSISTENT WITH THIS PART 13; AND

24 (i) TO PROVIDE SERVICES CONSISTENT WITH THE FEDERAL ACT AND  
25 THIS PART 13.

26 (3) A DISTRICT DOES NOT HAVE THE POWER TO LEVY AND COLLECT  
27 TAXES OR TO USE THE POWER OF EMINENT DOMAIN.

1 (4) EACH DISTRICT FORMED UNDER THIS PART 13 IS SUBJECT TO  
2 THE "LOCAL GOVERNMENT BUDGET LAW OF COLORADO", PART 1 OF  
3 ARTICLE 1 OF TITLE 29, C.R.S., AND THE "COLORADO LOCAL  
4 GOVERNMENT AUDIT LAW", PART 6 OF ARTICLE 1 OF TITLE 29, C.R.S.

5 **SECTION 6.** In Colorado Revised Statutes, **amend** 30-20-1306  
6 as follows:

7 **30-20-1306. Board of directors - appointment or election -**  
8 **removal.** (1) (a) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS  
9 PARAGRAPH (a), immediately after the creation of a district, the board of  
10 county commissioners of the county shall, by majority vote, appoint a  
11 board of directors for the district. The number of directors on the board  
12 shall be as set forth in the resolution creating the district.

13 (II) IF THE BOARD OF COUNTY COMMISSIONERS FINDS THAT THE  
14 BOARD OF DIRECTORS FOR THE DISTRICT SHOULD BE ELECTED RATHER  
15 THAN APPOINTED, THE BOARD OF COUNTY COMMISSIONERS SHALL OUTLINE  
16 THE METHOD OF SUCH AN ELECTION BY DULY ADOPTING BY MAJORITY  
17 VOTE A RESOLUTION TO THAT EFFECT. THE ELECTION PROCEDURES SHALL  
18 COMPLY WITH THE ELECTION REQUIREMENTS SET FORTH IN ARTICLES 1 TO  
19 13 OF TITLE 1, C.R.S.

20 (b) ~~At least one member of the board of directors shall be a county~~  
21 ~~commissioner from the county that created the district. Other Members~~  
22 OF THE BOARD OF DIRECTORS may be COUNTY COMMISSIONERS FROM THE  
23 COUNTY THAT CREATED THE DISTRICT, representatives of the governing  
24 body of municipalities included in the district, or other officials  
25 representing the interests of areas impacted by mineral lease activities.

26 (c) County commissioners ~~from the county that creates a district~~  
27 serving on the board of directors, IF ANY, shall not constitute a majority



1 on the board of directors.

2 (d) The officers of the board of directors shall be the president and  
3 a secretary who shall be elected annually by the board of directors from  
4 its own members.

5 (e) (I) ~~The term of each member of the board of directors shall be~~  
6 ~~two years unless the district is reauthorized pursuant to section~~  
7 ~~30-20-1304 (5) and the member is reappointed as specified in paragraph~~  
8 ~~(a) of this subsection (1).~~ MEMBERS OF THE BOARD OF DIRECTORS SHALL  
9 SERVE STAGGERED TERMS SO THAT NOT MORE THAN ONE DIRECTOR'S TERM  
10 EXPIRES IN ANY ONE YEAR, AND THEREAFTER TERMS SHALL BE FOR THREE  
11 YEARS EACH, AND EACH TERM SHALL COMMENCE ON JANUARY 15.

12 (II) NOTWITHSTANDING SUBPARAGRAPH (I) OF THIS PARAGRAPH  
13 (e), EVERY BOARD OF COUNTY COMMISSIONERS OF A COUNTY THAT  
14 INITIATED AND PASSED A RESOLUTION TO CREATE A DISTRICT AS  
15 DESCRIBED IN SECTION 30-20-1304 (2) AS SUCH SECTION EXISTED BEFORE  
16 THE EFFECTIVE DATE OF THIS SECTION, AS AMENDED, SHALL, WITHIN  
17 NINETY DAYS OF THE EFFECTIVE DATE OF THIS SECTION, AS AMENDED,  
18 PASS A RESOLUTION FIXING THE INITIAL TERMS OF ALL EXISTING  
19 DIRECTORS. THE RESOLUTION SHALL DESIGNATE AT LEAST ONE DIRECTOR  
20 WHOSE INITIAL TERM SHALL EXPIRE ON JANUARY 15, 2013, AT LEAST ONE  
21 DIRECTOR WHOSE INITIAL TERM SHALL EXPIRE ON JANUARY 15, 2014, AND  
22 AT LEAST ONE DIRECTOR WHOSE INITIAL TERM SHALL EXPIRE ON JANUARY  
23 15, 2015. SUCCESSOR DIRECTORS SHALL SERVE THREE YEAR TERMS.

24 (2) (a) EACH DIRECTOR SHALL HOLD OFFICE UNTIL THE  
25 EXPIRATION OF THE TERM TO WHICH SUCH DIRECTOR IS APPOINTED OR  
26 ELECTED OR UNTIL A SUCCESSOR HAS BEEN DULY APPOINTED OR ELECTED.

27 (b) ~~The board of county commissioners of the county that creates~~

1 a district shall, by majority vote, have the power to remove any member  
2 of the board of directors for the district. Vacancies on the board of  
3 directors shall be filled by A MAJORITY VOTE OF the board of county  
4 commissioners.

5 (c) THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY MAY  
6 REMOVE ANY DIRECTOR FOR OFFICIAL MISCONDUCT, INCOMPETENCE,  
7 NEGLECT OF DUTY, OR OTHER GOOD CAUSE SHOWN, SO LONG AS THE  
8 REMOVAL OCCURS AFTER THE DIRECTOR IN QUESTION IS GIVEN NOTICE  
9 AND AN OPPORTUNITY TO BE HEARD BEFORE THE BOARD OF COUNTY  
10 COMMISSIONERS AT A PUBLIC HEARING.

11 (3) All special and regular meetings of the board of directors for  
12 a district shall be held at locations that are within the boundaries of the  
13 district. The provisions of this subsection (3) governing the location of  
14 meetings may be waived only if the proposed change of location of a  
15 meeting of the board appears on the agenda of a regular or special  
16 meeting of the board and if a resolution is adopted by the board stating  
17 the reason for which a meeting of the board is to be held in a location  
18 other than under the provisions of this subsection (3) and further stating  
19 the date, time, and place of such meeting PURSUANT TO PART 4 OF  
20 ARTICLE 6 OF TITLE 24, C.R.S.

21 **SECTION 7.** In Colorado Revised Statutes, **amend** 30-20-1307  
22 as follows:

23 **30-20-1307. Board of directors - powers and duties.**

24 (1) (a) Except as otherwise provided in paragraph (b) of this subsection  
25 (1), ~~on an annual basis~~, the board of directors of a district shall distribute  
26 all of the funding the district receives from the department of local affairs  
27 to areas ~~within the district~~ that are socially or economically impacted,

1 EITHER DIRECTLY OR INDIRECTLY, by the development, processing, or  
2 energy conversion of fuels and minerals leased under the federal "~~Mineral~~  
3 ~~Lands Leasing Act~~" of February 25, 1920, as amended ACT.

4 (b) The ~~district~~ BOARD OF DIRECTORS may use up to ten percent of  
5 the annual funding for any administrative costs of the district.

6 (c) NOTWITHSTANDING ANY OTHER PROVISION OF THIS PART 13,  
7 THE BOARD OF DIRECTORS OF A DISTRICT MAY RESERVE ALL OR A PORTION  
8 OF THE FUNDING FOR USE IN SUBSEQUENT YEARS.

9 (2) The board of directors may review any reports or studies made  
10 and may seek any additional reports or studies it deems necessary  
11 regarding the distribution of funding in the district.

12 (3) ~~A district~~ THE BOARD OF DIRECTORS may cooperate or contract  
13 with any other district to provide any function or service lawfully  
14 authorized to each of the cooperating or contracting districts, including  
15 the sharing of costs, only if the cooperation or contracts are authorized by  
16 each district with the approval of each district's board of directors. Any  
17 contract providing for the sharing of costs may be entered into for any  
18 period, not to exceed the existence of the district and notwithstanding any  
19 provision of law limiting the length of any financial contracts or  
20 obligations of governments. Any such contract shall set forth fully the  
21 purposes, powers, rights, obligations, and responsibilities, financial and  
22 otherwise, of the contracting parties. Where other provisions of law  
23 provide requirements for special types of intergovernmental contracting  
24 or cooperation, those special provisions shall control.

25 (4) THE BOARD OF DIRECTORS MAY EXERCISE ANY OF THE POWERS  
26 SET FORTH IN SECTION 30-20-1305.5.

27 **SECTION 8. 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.