



Colorado Legislative Council Staff Fiscal Note
**STATE and LOCAL
 FISCAL IMPACT**

Drafting Number: LLS 12-0754
Prime Sponsor(s): Rep. Jones
 Sen. Bacon

Date: February 17, 2012
Bill Status: House Local Government
Fiscal Analyst: Clare Pramuk (303-866-2677)

TITLE: CONCERNING STRENGTHENING LOCAL GOVERNMENTS' REGULATION OF OIL AND GAS OPERATIONS, AND, IN CONNECTION THEREWITH, STRENGTHENING LOCAL GOVERNMENTS' ZONING AND LAND USE AUTHORITY OVER OIL AND GAS OPERATIONS.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue		
State Expenditures	See State Expenditures Section.	
FTE Position Change		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2012-2013: None required.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

This bill clarifies that oil and gas operators are subject to local government zoning and land use authority and regulation as well as the authority of the Colorado Oil and Gas Conservation Commission (COGCC). It subjects operators to the same local government control as is established for other mineral extractions in the Colorado Mined Land Reclamation Act. It further states that local government regulation of the impacts of land use and development furthers the state's interest in orderly land use and environmental protection.

State Expenditures

This bill may have an impact on the operations of the COGCC in the Department of Natural Resources, but that impact is dependent upon the actions of local governments in response to the bill. Another factor is the reaction of operators to local regulations. Operators may sue local governments if they contend that local regulations conflict with state law and should be preempted by the COGCC. The fiscal note assumes that any significant changes in COGCC workload will be addressed through the annual budget process and that no change in the mill levy will be required.

Local Government Impact

According to the Colorado Petroleum Association, oil and gas wells are located in 42 of 64 Colorado counties. Several local governments have developed significant regulation of oil and gas development and others are in the process of developing regulations. The bill's impact on local governments will vary depending on the amount of oil and gas activity and any regulations proposed as a result of this bill. As noted under State Expenditures, operators may sue local governments if they contend that local regulations conflict with state law and should be preempted by the COGCC. Because of the variety of conditions applicable to local governments, the fiscal impact cannot be determined.

Departments Contacted

Local Affairs

Natural Resources