

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING ADDITIONAL INSPECTIONS OF OIL AND GAS FACILITIES.

Prime Sponsors: Senator Jones
Representative Singer

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Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Fiscal Note (attached) reflects the fiscal impact of the bill as of 03/19/13.

XXX	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The Agriculture, Natural Resources, and Energy Committee Report (03/21/13) includes amendments to the bill, however, Legislative Council Staff and JBC Staff agree that the committee amendments do not change the fiscal impact of the bill.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.001	Staff-prepared appropriation amendment
L.003/J.002	Bill Sponsor amendment - changes fiscal impact <i>and</i> appropriation

Current Appropriations Clause in Bill

The bill requires but does not contain an appropriation clause.

Description of Amendments in This Packet

J.001 Staff has prepared amendment **J.001** (attached) to add a provision appropriating \$8,224,805 cash funds from the Oil and Gas Conservation and Environmental Response Fund and 63.0 FTE to the Department of Natural Resources for FY 2013-14. The amendment reappropriates \$111,000 of that amount to the Governor's Office of Information Technology for computer programming costs and \$278,100 (and 2.4 FTE) to the Department of Law for legal services provided to the Department of Natural Resources in connection with the bill.

L.003 and J.002

Bill sponsor amendment **L.003** (attached) eliminates the requirement that the Oil and Gas Conservation Commission (OGCC) hire a sufficient number of inspectors to inspect each oil

and gas location once per year, reducing the necessary appropriation by \$8,124,805 cash funds and 65.4 FTE in FY 2013-14. The amendment continues to require the Oil and Gas Conservation Commission to use a risk-based strategy for inspecting oil and gas locations and requires the OGCC to: (1) submit a report by February 1, 2014, to the Joint Budget Committee and the relevant committees of reference including findings, recommendations, and a plan, including staffing and equipment needs, to implement the risk-based strategy; and (2) implement the risk-based strategy by July 1, 2014. Joint Budget Committee Staff and Legislative Council Staff agree that the amendment reduces the necessary appropriation for the bill by \$8,124,805 cash funds and 65.4 FTE for FY 2013-14, and that the amendment would require an appropriation of a total of \$100,000 cash funds from the Oil and Gas Conservation and Environmental Response Fund to support the risk assessment study. Joint Budget Committee Staff and Legislative Council Staff also agree that the impact in FY 2014-15 is unknown because the results of the risk-based strategy study are unknown at this time.

Staff has prepared amendment **J.002** (attached) to add a provision appropriating \$100,000 cash funds from the Oil and Gas Conservation and Environmental Response Fund to the Department of Natural Resources in FY 2013-14 to support a study of risk-based inspection strategies for oil and gas locations. **If the Committee adopts amendment L.003, it should adopt amendment J.002 but should NOT adopt amendment J.001.**

Points to Consider

Future Fiscal Impact

Sponsor amendment **L.003** requires the OGCC to implement a risk-based inspection strategy by July 1, 2014. Thus, as early as January 2014, the OGCC may request additional funding to implement a risk-based strategy.