

**STATE
FISCAL IMPACT**

Drafting Number: LLS 13-0851
Prime Sponsor(s): Rep. Moreno

Date: March 19, 2013
Bill Status: House Agriculture
Fiscal Analyst: Clare Pramuk (303-866-2677)

TITLE: CONCERNING A DISCLOSURE OF POSSIBLE SEPARATE OWNERSHIP OF THE MINERAL ESTATE IN THE SALE OF REAL PROPERTY.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
State Expenditures	See State Expenditures section.	
FTE Position Change		
Effective Date: August 7, 2013, if the General Assembly adjourns on May 8, 2013, as scheduled, and no referendum petition is filed.		
Appropriation Summary for FY 2013-2014: None required.		
Local Government Impact: None.		

Summary of Legislation

Beginning January 1, 2014, the bill requires real estate listing contracts, contracts of sale, and sellers' property disclosures for residential properties to disclose the following:

- the surface estate of the property may be owned separately from the underlying mineral estate, so the transfer of the surface estate may not include transfer of the mineral estate;
- third parties may own or lease the underlying mineral estate and enter and use the surface estate to access the mineral rights;
- if the use of the surface estate is governed by a surface use agreement, such notice may be recorded with the county clerk and recorder;
- the oil and gas activity that may occur on or near the property may include surveying, drilling, well completion operations, storage facilities, producing wells, and gas gathering and processing facilities; and
- additional information may be available from the Colorado Oil and Gas Conservation Commission.

The Real Estate Commission (commission), in the Department of Regulatory Agencies (DORA), is required to promulgate a rule that sets forth the form and content of the disclosure. Listing contracts, contracts for sale, and seller's property disclosures for residential property prepared by persons who are not subject to the commission's jurisdiction must contain a disclosure statement in substantially the same form as that specified by the commission.

If the seller or real estate professional complies with these requirements, the purchaser has no claim for relief against the seller or real estate professional for any property damage resulting from oil, gas, or mineral extraction.

State Expenditures

The bill requires the DORA to promulgate a rule for purposes of implementing the provisions of the bill. The bill is prescriptive regarding the language that the commission is to add to specific documents relating to real estate transactions. As a result, the workload associated with this rulemaking can be accomplished in the normal course of business and within existing appropriations.

Departments Contacted

Law

Natural Resources

Regulatory Agencies