A BILL FOR AN ACT

CONCERNING THE DISTRIBUTION OF SEVERANCE TAX REVENUE TO A LOCAL GOVERNMENT THAT LIMITS OIL AND GAS EXTRACTION.

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.)

Moneys in the local government severance tax fund are primarily used for 2 purposes:

! For the executive director of the department of local affairs to provide grants and loans to political subdivisions impacted by development, processing, or energy
conversion of minerals and mineral fuels; and

For direct distributions to counties and municipalities based on factors related to oil and gas production.

The bill prohibits any local government that has a moratorium or a permanent prohibition on the extraction of oil and gas from receiving more direct distributions or grants and loans than the local government received in the fiscal year during which the moratorium or permanent prohibition was enacted.

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

SECTION 1. In Colorado Revised Statutes, 39-29-110, amend (1) (c) (I) introductory portion and (1) (c) (III) introductory portion; and add (1) (b) (V) and (1) (g) as follows:

39-29-110. Local government severance tax fund - creation - administration - definitions. (1) (b) (V) Notwithstanding any provision of this paragraph (b) to the contrary, beginning July 1, 2014, the total amount of the distributions or loans the Executive Director makes to a political subdivision that has a moratorium or a permanent prohibition on the extraction of oil and gas within the political subdivision shall not exceed the amount of the grants or loans the political subdivision received in the fiscal year during which the moratorium or permanent prohibition was enacted. This restriction does not apply for the next fiscal year that begins after the political subdivision ends the moratorium or permanent prohibition.

(c) (I) For state fiscal years commencing prior to July 1, 2008, an amount equal to thirty percent of said gross receipts credited to the local government severance tax fund shall be distributed to counties or municipalities on the basis of the proportion of employees of the mine or related facility or crude oil, natural gas, or oil and gas operation who...
reside in any such county's unincorporated area or in any such
municipality to the total number of employees of the mine or related
facility or crude oil, natural gas, or oil and gas operation. Such
distribution shall be made on the basis of the report required in paragraph
(d) of this subsection (1). For state fiscal years commencing on or after
July 1, 2008, EXCEPT AS SET FORTH IN PARAGRAPH (g) OF THIS
SUBSECTION (1), thirty percent of said gross receipts credited to the local
government severance tax fund shall be allocated to counties based upon
the following factors:

(III) Except as otherwise set forth in subparagraph (IV) of this
paragraph (c) AND PARAGRAPH (g) OF THIS SUBSECTION (1), the moneys
allocated to each county pursuant to this paragraph (c) shall be further
distributed to the county and to each municipality within the county based
upon the following factors:

(g) BEGINNING JULY 1, 2014, THE DISTRIBUTION PURSUANT TO
PARAGRAPH (c) OF THIS SUBSECTION (1) FOR A COUNTY OR MUNICIPALITY
THAT HAS A MORATORIUM OR A PERMANENT PROHIBITION ON THE
EXTRACTION OF OIL AND GAS WITHIN ITS BOUNDARIES SHALL NOT EXCEED
THE AMOUNT OF THE DISTRIBUTION THAT THE COUNTY OR MUNICIPALITY
RECEIVED IN THE FISCAL YEAR DURING WHICH THE MORATORIUM OR
PERMANENT PROHIBITION WAS ENACTED. THIS RESTRICTION DOES NOT
APPLY FOR THE NEXT FISCAL YEAR THAT BEGINS AFTER THE COUNTY OR
MUNICIPALITY ENDS THE MORATORIUM OR PERMANENT PROHIBITION. THE
MONEYS THAT WOULD OTHERWISE HAVE BEEN DISTRIBUTED TO THE
COUNTY OR MUNICIPALITY ARE REDISTRIBUTED ON A PRO RATA BASIS TO
ALL OTHER ELIGIBLE COUNTIES AND MUNICIPALITIES.

SECTION 2. Safety clause. The general assembly hereby finds,
determines, and declares that this act is necessary for the immediate
preservation of the public peace, health, and safety.