HB14-1217

Colorado Legislative Council Staff Fiscal Note

STATE and LOCAL FISCAL IMPACT

Drafting Number:	LLS 14-0814	**Date:**	February 5, 2014
Prime Sponsor(s):	Rep. Rankin	**Bill Status:**	House Local Government
		Fiscal Analyst:	Josh Abram (303-866-3561)

SHORT TITLE: CLARIFY MINERAL RIGHTS PROPERTY OWNED BY COUNTY

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue	Minimal Impact. See State Revenue and Expenditures section.	
State Expenditures		
FTE Position Change		
Appropriation Required: None		

* *This summary shows changes from current law under the bill for each fiscal year.*

Summary of Legislation

The bill clarifies the legal rights of county governments in connection with property owned by the county. Among other things, the bill clarifies that:

- county ownership of property may include ownership of mineral rights, oil and gas rights, and other interests for county revenue generation, or other county government operations;
- a county board of commissioners may lease their mineral rights for exploration or development;
- a county may lease real estate or other interests in order to generate revenue;
- a county may include oil, gas, and mineral related projects to county-approved public land projects and generate revenue from these projects;
- whenever land is acquired for road or transit purposes, the right to subsurface support is presumed to be acquired as well; and
- public highways include all lands dedicated to public use by deed filed with the county clerk.

State Revenue and Expenditures

The bill may increase severance tax revenue through an increase in mill levy collection by the OGCC on oil and gas production on county property or increase reclamation permit fees collected by DRMS. Any revenue increase will be dependent on how much additional production occurs on county property; although county government property is not subject to ad valorem tax, the net severance tax from new county leases may increase slightly as a result of the bill.

Based on the potential for new extractive activities on county land, the bill could increase state revenue and expenditures for the Oil and Gas Conservation Commission (OGCC), or the Division of Reclamation, Mining, and Safety (DRMS), in the Department of Natural Resources (DNR).

For the OGCC, public lessors of mineral rights represent a small fraction of total leases that receive OGCC permits and are subject to OGCC inspections, enforcement, and other regulatory activities. Since the bill may change the frequency of county oil and gas leasing, workload in the DNR may also increase slightly; however, the change in expenditures does not require additional appropriations.

Local Government Impact

The bill clarifies that a county government may use property rights to generate revenue. For counties that own mineral rights and chose to develop or otherwise lease these subsurface property rights, the bill potentially increases county revenue. Clarifications in the bill may also reduce future legal expenses for counties.

Effective Date

The bill takes effect September 1, 2014, if the General Assembly adjourns on May 7, 2014, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Counties	Municipal League	Judicial
Law	Local Affairs	Natural Resources
Property Taxation	Public Health & Environment	Public Safety
Special Districts	Transportation	