A BILL FOR AN ACT

CONCERNING A REQUIREMENT THAT A LOCAL GOVERNMENT THAT BANS HYDRAULIC FRACTURING COMPENSATE OIL AND GAS ROYALTY OWNERS AFFECTED BY THE BAN.

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.)

The bill specifies that a local government that bans hydraulic fracturing of an oil and gas well is liable to the royalty owner for the value of the lost royalties.
Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, add 29-20-204.5 as follows:

29-20-204.5. Compensation to royalty owners affected by hydraulic fracturing ban. A local government that adopts or enforces an ordinance, resolution, or other policy or regulation that prohibits an oil and gas operator, as that term is defined in section 34-60-103 (6.8), C.R.S., from conducting a hydraulic fracturing treatment on an oil and gas well that is or, but for the prohibition, would be located within the local government's jurisdiction is liable to the royalty owner for the value of the royalties not received due to the prohibition.

SECTION 2. Act subject to petition - effective date - applicability. (1) This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 5, 2015, if adjournment sine die is on May 6, 2015); except that, if a referendum petition is filed pursuant to section 117 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2016 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

(2) This act applies to the adoption or enforcement of a prohibition on hydraulic fracturing treatments occurring on or after the applicable effective date of this act.