

First Regular Session  
Sixty-ninth General Assembly  
STATE OF COLORADO

**REENGROSSED**

*This Version Includes All Amendments  
Adopted in the House of Introduction*

LLS NO. 13-0759.01 Thomas Morris x4218

**HOUSE BILL 13-1273**

**HOUSE SPONSORSHIP**

**Fischer**, Foote, Ginal, Hullinghorst, Lebsock, Levy, May, Pabon, Primavera, Ryden, Singer

**SENATE SPONSORSHIP**

**Kefalas**, Jones

**House Committees**

Health, Insurance & Environment  
Appropriations

**Senate Committees**

**A BILL FOR AN ACT**

101 **CONCERNING ADDITIONAL FINANCIAL RESOURCES FOR LOCAL**  
102 **GOVERNMENTS TO ADDRESS IMPACTS CAUSED BY NEW OIL AND**  
103 **GAS DEVELOPMENT, AND, IN CONNECTION THEREWITH, MAKING**  
104 **AN APPROPRIATION.**

**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>.)*

Current law authorizes local governments to designate a person to participate in certain proceedings before the Colorado oil and gas

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

HOUSE  
3rd Reading Unamended  
April 19, 2013

HOUSE  
Amended 2nd Reading  
April 18, 2013

conservation commission, including the issuance of permits to drill a well. **Section 2** of the bill requires oil and gas operators to pay to the commission a local government designee fee, established by the commission by rule, when applying for a permit to drill. The commission will allocate the fee equally to each local government that has registered a local government designee with the commission within whose boundaries an oil and gas facility authorized by the permit is located. The commission must set the fee, after consulting with local governments, at a level to provide reimbursement to a local government for its costs associated with maintaining a local government designee. The prohibition on local governments charging a tax or fee to conduct inspections or monitoring of oil and gas operations with regard to matters that are subject to rule, order, or permit condition administered by the commission is repealed.

**Section 3** authorizes local governments to collect an environmental or public health and welfare oversight charge on new oil and gas development, collectible upon issuance of a development permit by the local government.

---

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

2 **SECTION 1.** In Colorado Revised Statutes, 34-60-102, **add** (1)  
3 (c) as follows:

4 **34-60-102. Legislative declaration.** (1) (c) THE GENERAL  
5 ASSEMBLY HEREBY FINDS AND DECLARES THAT THE PUBLIC INTEREST IS  
6 BEST SERVED WHEN THIS ARTICLE AND LOCAL GOVERNMENT REGULATORY  
7 AUTHORITY ARE APPLIED HARMONIOUSLY IN PURSUIT OF COMPREHENSIVE,  
8 EFFICIENT, AND EFFECTIVE REGULATION OF AND ENFORCEMENT OVER OIL  
9 AND GAS OPERATIONS. NOTHING IN THIS ARTICLE PRECLUDES LOCAL  
10 GOVERNMENTS FROM EXERCISING THEIR REGULATORY AND ENFORCEMENT  
11 AUTHORITY OVER MATTERS PERTAINING TO THE IMPACTS OF OIL AND GAS  
12 OPERATIONS WITHIN THEIR JURISDICTIONAL BOUNDARIES. IT IS FURTHER  
13 DECLARED THAT THIS ARTICLE DOES NOT LIMIT A LOCAL GOVERNMENT'S  
14 AUTHORITY TO PROTECT AND MAINTAIN LOCAL CAPITAL FACILITIES AND  
15 INFRASTRUCTURE, AS WELL AS TO MONITOR AND OVERSEE

1 ENVIRONMENTAL CONDITIONS OR PUBLIC HEALTH AND WELFARE  
2 CONCERNS RELATED TO OIL AND GAS OPERATIONS WITHIN THEIR  
3 JURISDICTIONAL BOUNDARIES.

4 **SECTION 2.** In Colorado Revised Statutes, 34-60-106, **amend**  
5 (1) (f) and (15) as follows:

6 **34-60-106. Additional powers of commission - rules - local**  
7 **government designee fund.** (1) The commission also has authority to  
8 require:

9 (f) (I) That ~~no AN OPERATOR SHALL NOT COMMENCE~~ operations for  
10 the drilling of a well for oil and gas ~~shall be commenced~~ without first  
11 ~~giving to~~ NOTIFYING the commission ~~notice~~ of ITS intention to drill; ~~and~~  
12 ~~without first~~ obtaining a permit from the commission, under such rules  
13 ~~and regulations~~ as may be prescribed by the commission; and paying to  
14 the commission a filing and service fee, ~~to be~~ NOT TO EXCEED TWO  
15 HUNDRED DOLLARS, established by the commission ~~for the purpose of~~  
16 ~~paying~~ TO PAY the expense of administering this article as provided in  
17 section 34-60-122, which fee may be transferable or refundable, at the  
18 option of the commission, if ~~such~~ THE permit is not used. ~~but no such fee~~  
19 ~~shall exceed two hundred dollars.~~

20 (II) AN OPERATOR MUST PAY TO THE COMMISSION A LOCAL  
21 GOVERNMENT DESIGNEE FEE WHEN APPLYING FOR A PERMIT TO DRILL. THE  
22 COMMISSION SHALL TRANSFER THE FEES TO THE STATE TREASURER, WHO  
23 SHALL DEPOSIT THEM IN THE LOCAL GOVERNMENT DESIGNEE FUND, WHICH  
24 IS HEREBY CREATED IN THE STATE TREASURY. ALL INTEREST EARNED ON  
25 DEPOSITS IN THE FUND IS CREDITED TO THE FUND. BY RULE, THE  
26 COMMISSION SHALL ANNUALLY SET THE AMOUNT OF THE FEE AND  
27 DETERMINE A FAIR AND EQUITABLE METHOD OF ALLOCATING THE FEES. IN

1 ANNUALLY SETTING THE FEE, THE COMMISSION SHALL CONSULT WITH  
2 LOCAL GOVERNMENTS AND TAKE INTO ACCOUNT:

3 (A) THE CUMULATIVE COSTS INCURRED BY LOCAL GOVERNMENTS  
4 IN MAINTAINING REGISTERED LOCAL GOVERNMENT DESIGNEES DURING THE  
5 PREVIOUS FISCAL YEAR; AND

6 (B) THE TOTAL NUMBER OF OIL AND GAS PERMITS WITHIN THE  
7 BOUNDARIES OF ALL LOCAL GOVERNMENTS THAT HAVE REGISTERED  
8 LOCAL GOVERNMENT DESIGNEES DURING THE PREVIOUS YEAR.

9 (III) THE COMMISSION SHALL QUARTERLY DISTRIBUTE REVENUES  
10 IN THE FUND TO LOCAL GOVERNMENTS THAT HAVE REGISTERED A LOCAL  
11 GOVERNMENT DESIGNEE WITH THE COMMISSION. THE COMMISSION SHALL  
12 DISTRIBUTE THE FUND'S REVENUES THROUGH A GRANT APPLICATION  
13 PROCESS ESTABLISHED BY RULE. IN ESTABLISHING THE GRANT PROCESS,  
14 THE COMMISSION SHALL DEVELOP EVALUATION CRITERIA TO EVALUATE  
15 APPLICATIONS THAT ENSURE FAIR AND EQUITABLE DISTRIBUTION OF THE  
16 REVENUES TAKING INTO ACCOUNT:

17 (A) THE FINANCIAL ABILITY OF THE APPLICANT LOCAL  
18 GOVERNMENT TO PAY THE COSTS INCURRED IN MAINTAINING ITS LOCAL  
19 GOVERNMENT DESIGNEE;

20 (B) THE AMOUNT OF OIL AND GAS REVENUES RECEIVED BY THE  
21 APPLICANT LOCAL GOVERNMENT FROM SOURCES OTHER THAN THE LOCAL  
22 GOVERNMENT DESIGNEE FUND;

23 (C) THE NUMBER OF OIL AND GAS PERMITS AND NUMBER OF  
24 EXISTING OIL AND GAS FACILITIES WITHIN THE BOUNDARIES OF THE  
25 APPLICANT LOCAL GOVERNMENT; AND

26 (D) THE EXISTING MILL LEVY SET BY THE APPLICANT LOCAL  
27 GOVERNMENT.

1 (15) The commission may, as it deems appropriate, assign its  
2 inspection and monitoring function, but not its enforcement authority,  
3 through intergovernmental agreement or by private contract; except that  
4 ~~no such~~ AN assignment ~~shall~~ MUST NOT allow for the imposition of any  
5 new tax or fee by the assignee in order to conduct ~~such~~ THE assigned  
6 inspection and monitoring and ~~no such assignment shall~~ MUST NOT  
7 provide for compensation contingent on the number or nature of alleged  
8 violations referred to the commission by the assignee. ~~No~~ [REDACTED] A local  
9 government may charge a tax or fee to conduct inspections or monitoring  
10 of oil and gas operations with regard to matters that are subject to ~~rule,~~  
11 ~~regulation, order, or permit condition~~ A LOCAL GOVERNMENT'S LAND USE  
12 OR OTHER APPLICABLE AUTHORITIES AND THAT ARE NOT SOLELY  
13 administered by the commission. Nothing in this subsection (15) ~~shall~~  
14 ~~affect~~ AFFECTS the ability of a local government to charge a reasonable  
15 and nondiscriminatory fee THAT IS OTHERWISE PROVIDED FOR BY LAW,  
16 INCLUDING for inspection ~~and~~ OF, monitoring for, AND MITIGATION OF  
17 road damage and compliance with local fire codes, land use permit  
18 conditions, and local building codes.

19 [REDACTED]

20 **SECTION 3. Appropriation.** (1) In addition to any other  
21 appropriation, there is hereby appropriated, out of any moneys in the oil  
22 and gas conservation and environmental response fund created in section  
23 34-60-122 (5), Colorado Revised Statutes, not otherwise appropriated, to  
24 the department of natural resources, for the fiscal year beginning July 1,  
25 2013, the sum of \$42,367, or so much thereof as may be necessary, to be  
26 allocated to the executive director's office, for the implementation of this  
27 act as follows:

1 (a) \$41,440 for the purchase of computer center services; and

2 (b) \$927 for the purchase of legal services.

3 (2) In addition to any other appropriation, there is hereby  
4 appropriated to the governor - lieutenant governor - state planning and  
5 budgeting, for the fiscal year beginning July 1, 2013, the sum of \$41,440,  
6 or so much thereof as may be necessary, for allocation to the office of  
7 information technology, for the provision of computer center services for  
8 the department of natural resources related to the implementation of this  
9 act. Said sum is from reappropriated funds received from the department  
10 of natural resources out of the appropriation made in paragraph (a) of  
11 subsection (1) of this section.

12 (3) In addition to any other appropriation, there is hereby  
13 appropriated to the department of law, for the fiscal year beginning July  
14 1, 2013, the sum of \$927, or so much thereof as may be necessary, for the  
15 provision of legal services for the department of natural resources related  
16 to the implementation of this act. Said sum is from reappropriated funds  
17 received from the department of natural resources out of the appropriation  
18 made in paragraph (b) of subsection (1) of this section.

19 (4) In addition to any other appropriation, there is hereby  
20 appropriated, out of any moneys in the oil and gas conservation and  
21 environmental response fund created in section 34-60-122 (5), Colorado  
22 Revised Statutes, not otherwise appropriated, to the department of natural  
23 resources, for the fiscal year beginning July 1, 2013, the sum of \$11,407,  
24 or so much thereof as may be necessary, to be allocated to the oil and gas  
25 conservation commission for the implementation of this act as follows:

26 (a) \$7,227 for personal services; and

27 (b) \$4,180 for rulemaking hearing expenses.

1           **SECTION 4. Applicability.** This act applies to conduct occurring  
2 on or after the effective date of this act.

3           **SECTION 5. Safety clause.** The general assembly hereby finds,  
4 determines, and declares that this act is necessary for the immediate  
5 preservation of the public peace, health, and safety.