



Colorado
Legislative
Council
Staff

HB17-1152

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0259

Date: February 10, 2017

Prime Sponsor(s): Rep. Willett; Mitsch Bush

Bill Status: House Transportation

Fiscal Analyst: Josh Abram (303-866-3561)

BILL TOPIC: FEDERAL MINERAL LEASE DISTRICT INVESTMENT AUTH

Summary of Legislation

The bill allows a federal mineral lease district (FML district) the option to invest up to 50 percent of the funding the district receives from distributions from the Department of Local Affairs (DOLA). Under current law, all distributions from DOLA to an FML district must be distributed to areas within the district that are socially or economically impacted by the development of minerals or oil and gas operations on federal land. The bill sets certain parameters that the board of an FML district must follow if it chooses to invest a portion of this funding

Background

FML districts are a type of local government that distribute financial resources received from the development of natural resources on federal lands to communities impacted by these activities. The FML district is authorized by law to provide services to those communities, and acts to alleviate social, economic, and public finance impacts resulting from federal mineral leasing activities.

Under current law, lease payments to an FML district may only be used by the state, or its political subdivisions, for (1) planning, (2) construction and maintenance of public facilities, or (3) provision of public services. There are five FML districts in the state, corresponding with the following counties: Garfield, Huerfano, Mesa, Park, and Weld.

Local Government Impact

If the board of an FML district elects to reserve up to 50 percent of their annual FML direct distribution and invest these funds, the FML district will have increased administrative and operational expenses managing and reporting on such funds. These increased costs are expected to be offset by the investment earnings the district may receive.

Current law requires that FML districts disburse all the funds they receive. Several of the five FML districts distribute funds as grants to local governments and non-governmental entities within their county boundaries. Reserving any portion of these funds in a trust will decrease the near-term amount available for distribution to these entities. However, future trust investment earnings may be redistributed to other local governments, offsetting the reserved funds.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Law

Local Affairs

Natural Resources

Special Districts