



Colorado General Assembly
Joint Budget Committee

JOINT BUDGET COMMITTEE STAFF FY 2019-20 BUDGET BRIEFING SUMMARY

Department of Natural Resources

Division of Reclamation, Mining, and Safety, Oil and Gas Conservation Commission, the State Board of Land Commissioners, and severance tax policy.

Funding for the Department of Natural Resources in FY 2018-19 consists of 10.5 percent General Fund, 78.2 percent cash funds, 2.6 percent reappropriated funds, and 8.7 percent federal funds.

Funding for the divisions covered in this briefing packet consists of 88.1 percent cash funds, 0.7 percent reappropriated funds, and 11.2 percent federal funds in FY 2018-19. These divisions did not receive General Fund appropriations in FY 2018-19 and have not requested General Fund appropriations in FY 2019-20.

FY 2018-19 APPROPRIATION AND FY 2019-20 REQUEST

DEPARTMENT OF NATURAL RESOURCES						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
FY 2018-19 APPROPRIATION:						
HB 18-1322 (Long Bill)	\$31,125,790	\$0	\$27,408,663	\$225,000	\$3,492,127	224.1
TOTAL	\$31,125,790	\$0	\$27,408,663	\$225,000	\$3,492,127	224.1
FY 2019-20 REQUESTED APPROPRIATION:						
FY 2018-19 Appropriation	\$31,125,790	\$0	\$27,408,663	\$225,000	\$3,492,127	224.1
R2 Additional staffing to address oil and gas backlogs	570,564	0	570,564	0	0	5.0
Annualize prior year budget action	422,409	0	337,092	0	85,317	0.0
Annualize prior year legislation	46,945	0	39,650	0	7,295	0.0
Nonprioritized request items	1,380	0	791	0	589	0.0
Centrally appropriated line items	(53,015)	0	(42,227)	0	(10,788)	0.0
TOTAL	\$32,114,073	\$0	\$28,314,533	\$225,000	\$3,574,540	229.1
INCREASE/(DECREASE)	\$988,283	\$0	\$905,870	\$0	\$82,413	5.0
Percentage Change	3.2%	0.0%	3.3%	0.0%	2.4%	2.2%

R2 ADDITIONAL STAFFING TO ADDRESS OIL AND GAS BACKLOGS: The request includes an increase of \$570,564 cash funds and 5.0 FTE from the Oil and Gas Conservation and Environmental Response Fund to improve operations for the Colorado Oil and Gas Commission including permitting, engineering, field inspections, reclamation, and data analysis. An increase in oil and gas activity and citizen complaints has led to backlogs in many activities carried out by the Commission and without additional funding could lead to delays in development or potentially pose a risk to public safety.

ANNUALIZE PRIOR YEAR BUDGET ACTIONS: The request includes an increase of \$422,409 total funds to reflect the second year impact of decisions made during a previous budget cycle.

ANNUALIZE PRIOR YEAR BUDGET ACTION						
	TOTAL FUNDS	GENERAL FUND	CASH FUNDS	REAPPROPRIATED FUNDS	FEDERAL FUNDS	FTE
Prior year salary survey	\$539,472	\$0	\$454,155	\$0	\$85,317	0.0
Additional staffing and equipment for flowline safety	(105,105)	0	(105,105)	0	0	0.0
Additional FTE for PROW program	(11,958)	0	(11,958)	0	0	0.0
TOTAL	\$422,409	0	\$337,092	\$0	\$85,317	0.0

ANNUALIZE PRIOR YEAR LEGISLATION: The request includes an increase of \$46,945 total funds to reflect the second-year impact of S.B. 18-200 (PERA).

NON-PRIORITIZED REQUEST ITEMS: The request includes a reduction of \$1,380 total funds for the Divisions in this packet’s share of the request submitted by Department of Personnel for increased material costs for Integrated Document Solutions.

CENTRALLY APPROPRIATED LINE ITEMS: The request includes a reduction of \$53,015 total funds to reflect changes in anticipated funding available from cash and federal funds sources to pay overhead costs for the Department via indirect cost recoveries.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

SEVERANCE TAX OPERATIONAL FUND UPDATE: This briefing issue describes the background of the severance tax revenue stream and the current state of the Severance Tax Operational Fund. The discussion includes a model based on the September 2018 revenue forecast prepared by Legislative Council Staff of the Operational Fund.

TIER 2 SEVERANCE TAX BILL RECOMMENDED BY THE WATER RESOURCES REVIEW COMMITTEE: A bill recommended for introduction by the Water Resources Review Committee makes changes to the timing and frequency of transfers for Tier 2 programs. The bill is described in detail and the issue provides a staff analysis of it.

UPDATE ON LONG BILL RFI FOR RECOMMENDATIONS TO ENHANCE USEFULNESS OF SEVERANCE TAX REPORTING DATA: A request for information included with the 2018 Long Bill asked the Department of Revenue to analyze resources dedicated to severance tax processing and reporting. The response includes what resources and/or statutory changes would be required to provide the General Assembly with more granularized data about severance tax to inform policy decisions. This issue discusses primarily the statutory changes the Department identified to determine whether the Joint Budget Committee desired to pursue any.

R2 Additional staffing to address oil and gas backlogs: This issue describes the Department’s second prioritized request for an increase of \$570,564 cash funds and 5.0 FTE from the Oil and Gas Conservation and Environmental Response Fund to improve operations for the Colorado Oil and Gas Commission including permitting, engineering, field inspections, reclamation, and data analysis. An increase in oil and gas activity and citizen complaints has led to backlogs in many activities carried out by the Commission which, without additional funding could lead to delays in development or potentially pose a risk to public safety.

FOR MORE INFORMATION

JBC STAFF ANALYST: Scott Thompson
(303) 866-4957
scott.thompson@state.co.us

TO READ THE ENTIRE BRIEFING: http://leg.colorado.gov/sites/default/files/fy2019-20_natbrf2.pdf