

EXPANDED EXECUTIVE SUMMARY

Colorado enjoys substantial economic benefits as the result of natural resource development in the state, including drilling, extraction, and all the support activities that go along with it. However, the industry's contributions within our communities are more than numbers on a page. This report demonstrates how a strong oil and gas sector is a net positive, not only because of the jobs and economic impacts it provides, but also because public revenue generated from oil and natural gas activity play a vital role in ensuring that everyone in the state has access to good schools, infrastructure to meet a growing population and the great outdoors that makes Colorado exceptional. The industry also continues to serve as a pro-active driver of investment in both technology and community, despite operating in a challenging political environment and through a national industry downturn from 2014 to mid-2016.

This report analyzed the upstream and midstream subsectors of Colorado's oil and natural gas industry specifically. According to data from 2017 – the most recent, complete fiscal year available – the oil and gas industry remains an important spoke in the wheel of Colorado's diverse economy. Industry output from the upstream and midstream subsectors is estimated at \$19 billion and approximately \$13.5 billion of the state's gross domestic product. They also account for 89,000 direct and indirect jobs, and \$10.8 billion in local employee income. The numerous taxes and fees accounts for a staggering \$1 billion of public revenue, and that money is distributed across Colorado governments to the benefit of everyone who values living in a state with good public schools, pristine opens spaces and robust infrastructure.

Severance tax revenues, for example, mostly go to the Department of Natural Resources where they are used to manage Colorado's 42 state parks and more than 300 state wildlife areas. In addition, those funds ensure that essential infrastructure investments are made to promote conservation of Colorado's water resources and to safeguard water quality for future generations. Severance tax dollars are also sent to the Department of Local Affairs for grants, loans and direct payments to local governments.

While the revenues from oil and natural gas are spread across a myriad of areas, perhaps their greatest impact is felt by K-12 education. Colorado's BEST program (Building Excellent Schools Today) serves school children in the neediest parts of the state using revenue generated from oil and gas. The program gets \$100 million annually from lease payments made to the State Land Board. That money finds its way to communities that don't have the tax base to support the repairs of existing facilities or the construction of new state of the art schools.

This matters now more than ever because constraints on the state budget – namely TABOR and Gallagher – have made it challenging to keep K-12 funded at adequate levels. TABOR especially complicates matters as Coloradans don't generally support statewide tax increases. In fact, the last time the voters said yes to a statewide tax increase was in 2005, and all statewide efforts since then have failed by large margins. Given the constraints on the legislature to find additional sources of income, the health of Colorado's budget has come to depend on strong and growing industries like oil and gas. They provide a stable a tax base so that everyone – not just the people who can afford it –

has access to quality schools and the great outdoors. If these public revenues sources were no longer available, it would disproportionately impact some of the poorest communities in Colorado.

Public resources generated through the oil and gas industry are clear and necessary to the financial health of Colorado. From the eastern plains to the western slope to the streets of downtown Denver, the oil and gas industry's impact as a community partner can be seen in our schools, our parks and open spaces and the infrastructure that assures our growth and sustainability for generations to come.

OIL AND GAS REVENUE MAKING A DIFFERENCE IN YOUR COMMUNITY



\$655,086 to construct a multipurpose station for Leadville/Lake County Fire-Rescue

\$950,000 for a biosolids project



\$444,500 for Ignacio EIAF Water Infrastructure

\$1,000,000 for rural broadband in Garfield and Pitkin counties



Garfield County



\$500,000 toward expanding the Larimer County Courthouse

\$200,000 for Historic Courthouse Renovation Design in Montrose County



\$164,887 for Low Zone Tank recoating and welding in Morrison

\$1,000,000 for the Kersey Town Center



MESA COUNTY \$2,000,000 for road and bridge improvements in Mesa County