

SENATE COMMITTEE OF REFERENCE REPORT

Chair of Committee

January 29, 2025
Date

Committee on Agriculture & Natural Resources.

After consideration on the merits, the Committee recommends the following:

SB25-040 be amended as follows, and as so amended, be referred to the Committee on Appropriations with favorable recommendation:

1 Amend printed bill, page 2, after line 1 insert:

2 **"SECTION 1. Legislative declaration.** (1) The general
3 assembly finds and declares that:

4 (a) Severance taxes provide a source of revenue to the state and
5 the state's political subdivisions;

6 (b) A portion of revenues derived from severance taxes is used to
7 fund the development and conservation of the state's water resources;

8 (c) Another portion of revenues derived from severance taxes is
9 made available to local governments to offset the impact created by
10 nonrenewable resource development;

11 (d) The state also relies on severance tax revenue to fund staff
12 positions in the department of natural resources and the department of
13 local affairs;

14 (e) In times of need, the state has relied on severance tax revenue
15 to backfill the state budget, which depletes funding from programs that
16 would otherwise benefit local governments; and

17 (f) There is a need to study how the state can:

18 (I) Avoid using severance tax revenue to backfill the state budget
19 in the future;

20 (II) Begin to pay back the severance tax revenue previously used
21 to backfill the state budget; and

22 (III) Continue to fund water needs and grants to local
23 governments without relying on the revenues derived from severance
24 taxes."

25 Renumber succeeding sections accordingly.

1 Page 3, line 15, strike "WITH" and substitute "WITH, TO THE EXTENT
2 POSSIBLE,".

3 Page 3, strike line 23 and substitute "BEEN SOCIALLY OR ECONOMICALLY
4 IMPACTED BY THE DEVELOPMENT, PROCESSING, OR ENERGY CONVERSION
5 OF OIL AND GAS OPERATIONS SUBJECT TO TAXATION UNDER ARTICLE 29 OF
6 TITLE 39, APPOINTED BY THE".

7 Page 4, line 15, after "NEEDS" insert "AND ENERGY IMPACT GRANTS
8 DISTRIBUTED PURSUANT TO SECTION 39-29-110 (1)(b)(I)".

9 Page 4, line 18, after "RECOMMENDATIONS." add "THE STUDY MUST
10 FOCUS ON IDENTIFYING WAYS TO ALLEVIATE THE NEED TO TRANSFER
11 REVENUES DERIVED FROM SEVERANCE TAXES TO THE GENERAL FUND AND
12 TO REPLACE SEVERANCE TAX REVENUE THAT WAS PREVIOUSLY
13 TRANSFERRED.".

14 Page 5, after line 5 insert:

15 "(6) THE TASK FORCE SHALL BE FUNDED SOLELY WITH MONEY
16 FROM THE SEVERANCE TAX OPERATIONAL FUND CREATED IN SECTION
17 39-29-109 (2)(b)(I)".

18 Renumber succeeding subsection accordingly.

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