



Legislative  
Council Staff

*Nonpartisan Services for Colorado's Legislature*

HB 20-1126

# FINAL FISCAL NOTE

<b>Drafting Number:</b>	LLS 20-0266	<b>Date:</b>	October 23, 2020
<b>Prime Sponsors:</b>	Rep. Saine; Buck Sen. Marble; Cooke	<b>Bill Status:</b>	Postponed Indefinitely
		<b>Fiscal Analyst:</b>	Josh Abram   303-866-3561 Josh.Abram@state.co.us

**Bill Topic:** LOCAL CONTROL APPROVALS OIL AND GAS APPLICATIONS

<b>Summary of Fiscal Impact:</b>	<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill removes the authority of the Department of Natural Resources to delay a drilling permit for oil and gas development issued by a local government.

**Appropriation Summary:** No appropriation is required.

**Fiscal Note Status:** The fiscal note reflects the introduced bill. This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

## Summary of Legislation

Under current law, the Colorado Oil and Gas Conservation Commission (COGCC) in the Department of Natural Resources (DNR) may delay the final implementation of an oil and gas permit application under certain circumstances. This bill repeals that authority, and requires that the COGCC approve an application for a permit to drill if a local government, exercising its "1041 powers," has already approved the permit.

## Background

Under current law, local governments are given authority to identify, designate, and regulate areas and activities of state interest through a local permitting process. The general intention of these powers is to allow for local governments to maintain their control over particular development projects even where the development project has statewide impacts. These powers are commonly referred to as "1041 powers," based on the bill number that created this authority.

## State Expenditures

The bill is not anticipated to change the total expenditures of the COGCC or the DNR. The bill does create a minimal workload change for the commission. If a local government exercises their 1041 powers and approves an application to drill, the commission must also approve the application, therefore slightly decreasing workload. However, the commission will continue to

conduct reviews and associated location assessments for each permit when filed. Regardless of the status of an application for a permit to drill, the COGCC continues to perform a location assessment. That assessment is generally more involved and requires more work than approving the drilling permit.

## **Effective Date**

The bill was postponed indefinitely by the House Energy and Environment Committee on March 2, 2020

## **State and Local Government Contacts**

Counties

Local Affairs

Municipalities

Natural Resources