

## CHAPTER 117

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**TAXATION**


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## HOUSE BILL 21-1156

BY REPRESENTATIVE(S) Lynch and Pico, Arndt, Valdez D., Duran, McKean, Ricks, Titone;  
also SENATOR(S) Kirkmeyer and Zenzinger, Moreno, Woodward, Cooke, Gardner, Liston, Lundeen, Priola, Rankin, Simpson,  
Sonnenberg.

## AN ACT

**CONCERNING THE CORRECTION OF STATUTORY DEFECTS RELATED TO SEVERANCE TAX  
WITHHOLDINGS FROM A DISBURSEMENT TO AN OIL AND GAS INTEREST OWNER.**

*Be it enacted by the General Assembly of the State of Colorado:*

**SECTION 1.** In Colorado Revised Statutes, 39-29-111, **amend** (1)(a) and (3) as follows:

**39-29-111. Withholding of income from oil and gas interest.** (1) (a) Every producer or purchaser who disburses funds that are owed to any person owning a working interest, a royalty interest, a production payment, or any other interest in any oil or gas produced in Colorado shall, unless such production is exempt under section 39-29-105 (1) and the producer or purchaser has registered such exempt production with the department of revenue in accordance with rules promulgated by the department, withhold from the amount owed to such person an amount equal to one percent of the gross income from such interest, except for income accruing to the United States or the state of Colorado or to any political subdivision of the state of Colorado. The amount withheld ~~shall be~~ is based on gross income as defined in section 39-29-102 (3)(a). ~~On or before each March 1, June 1, September 1, and December 1 prior to July 1, 2007, the aggregate of all such amounts withheld during the prior calendar quarter shall be paid to the department; and, no later than such dates, a report covering the withholding of such amounts shall be filed with the department upon forms prescribed by the executive director. On the first day of each month beginning with July 1, 2007, the aggregate of all such amounts withheld during the calendar month that was three months prior thereto shall be paid to the department in the manner set forth in paragraph (b) of this subsection (1)~~ SECTION 39-21-119.5 (4)(b). Nothing in this section shall be so construed as to reduce the tax imposed by this ~~article~~ ARTICLE 29.

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*Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.*

(3) For the purposes of subsection (1) of this section, "producer OR PURCHASER" means every person producing or extracting ~~oil shale or~~ oil and gas deposits located within this state or the first purchaser of ~~oil shale or~~ oil and gas produced from deposits located within this state.

**SECTION 2. Act subject to petition - effective date.** This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly; except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2022 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Approved: May 7, 2021