



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

INITIAL FISCAL IMPACT STATEMENT

Date: April 14, 2020

Fiscal Analyst: Max Nardo (303-866-4776)

LCS TITLE: REQUIRE REGULATORY IMPACT ANALYSIS FOR OIL AND GAS CONSERVATION COMMISSION RULES

Fiscal Impact Summary		FY 2020-21	FY 2021-22
Revenue		-	-
Expenditures	Cash Funds	\$54,069	\$54,069

***Disclaimer.** This initial fiscal impact statement has been prepared for the Title Board. If the initiative is placed on the ballot, Legislative Council Staff may revise this estimate for the ballot information booklet (Blue Book) if new information becomes available.*

Summary of Measure

The measure amends Colorado statute to require that a regulatory impact analysis be conducted for any new or revised rule proposed by the Colorado Oil and Gas Conservation Commission (COGCC) in the Department of Natural Resources. An initial analysis must be published prior to or concurrent with the issuing of a notice of proposed rulemaking, and a final analysis must be published at least 14 days prior to the public hearing. For each rule the analysis must include the following information, including first, fifth, and tenth year impacts as applicable:

- cumulative cost;
- direct or indirect impacts to employment;
- impacts on state and local government revenue;
- impact on royalty payments for oil and gas development;
- impacts on growth or retraction of the oil and gas industry in Colorado;
- that the rule is capable of implementation by oil and gas operators;
- whether any equipment or product that is required is commercially available; and
- the statutory provision authorizing the rule, and if applicable, the deficiency in existing rules that the proposed rule improves or corrects.

Background

Under the state Administrative Procedure Act (APA), current law requires a cost-benefit analysis for any rule if ordered by the executive director of the Department of Regulatory Agencies, and a regulatory analysis if requested by any person. The measure expands upon this by detailing several components of analysis beyond what is required under the APA, requiring two rounds of regulatory impact analysis, and requiring analysis for all proposed rules.

State Expenditures

The initiative increases state expenditures by \$54,069 and 0.4 FTE in FY 2020-21 and future years. Costs will be paid from the Oil and Gas Conservation and Environmental Response Fund. These costs are shown on Table 2 and described below.

**Table 2
Expenditures Under Initiative #301**

	FY 2020-21	FY 2021-22
Department of Natural Resources		
Personal Services	\$26,353	\$26,353
Legal Services	\$27,716	\$27,716
FTE – Personal Services	0.3 FTE	0.3 FTE
FTE – Legal Services	0.1 FTE	0.1 FTE
Total Cost	\$54,069	\$54,069
Total FTE	0.4 FTE	0.4 FTE

Department of Natural Resources. The COGCC will require an estimated 250 hours of staff time per rulemaking to conduct the regulatory impact analyses. Assuming two rulemakings per year, the COGCC requires 500 additional hours of staff time annually, or 0.3 FTE. In addition, 130 hours of legal services will be required from the Department of Law for each rulemaking (260 hours per year) at a rate of \$106.60 per hour.

Economic Impact

The measure is not anticipated to have an economic impact.

Effective Date

If approved by voters at the 2020 general election, this measure takes effect upon proclamation of the Governor, no later than 30 days after the official canvass of the vote is completed.

State and Local Government Contacts

Natural Resources Regulatory Agencies

Abstract of Initiative 301: REQUIRE REGULATORY IMPACT ANALYSIS FOR OIL AND GAS CONSERVATION COMMISSION RULES

The abstract includes estimates of the fiscal impact of the proposed initiative. If this initiative is to be placed on the ballot, Legislative Council Staff will prepare new estimates as part of a fiscal impact statement, which includes an abstract of that information. All fiscal impact statements are available at www.ColoradoBlueBook.com and the abstract will be included in the ballot information booklet that is prepared for the initiative.

This initial fiscal estimate, prepared by the nonpartisan Director of Research of the Legislative Council as of April 14, 2020, identifies the following impacts:

State expenditures. The initiative increases state cash fund expenditures by \$54,069 and 0.4 FTE in FY 2020-21 and future years. This is based on assumptions of 500 hours of workload in the Department of Natural Resources and 260 hours of legal services from the Department of Law to complete regulatory impact analyses for two rulemakings each year.

Economic impacts. The measure is not anticipated to have an economic impact.