



Initiative 271

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Summary

Date: April 15, 2024 **Fiscal Analyst:** Colin Gaiser (303-866-2677)

LCS TITLE: PRIVATE ACTION TO ENFORCE OIL AND GAS STATUTES AND REGULATIONS

Fiscal Summary of Initiative 271

This fiscal summary, prepared by the nonpartisan Director of Research of the Legislative Council, contains a preliminary assessment of the measure's fiscal impact. A full fiscal impact statement for this initiative is or will be available at leg.colorado.gov/bluebook. This fiscal summary identifies the following impact.

State revenue. Under Initiative 271, plaintiffs seeking monetary damages for violations of the Oil and Gas Conservation Act may file cases in district courts instead of with the Energy and Carbon Management Commission (ECMC) in the Department of Natural Resources. In the past four years, the ECMC has received an average of 350 cases per year. Assuming 25 percent of these cases are filed in district court under the measure, and factoring in the indigency rate, this will increase civil filing fee revenue by up to \$17,000 annually. The district court filing fee is \$235. Any damage awards from a prevailing civil action are credited to the Environmental Response Account of the ECMC Cash Fund; this amount has not been estimated.

State expenditures. Initiative 271 increases workload in the Judicial Department and the Department of Natural Resources. The anticipated caseload increase in the Judicial Department requires no change in appropriations. Because the initiative allows an operator to be sued, but does not require the ECMC to be made a party to the lawsuit, this analysis assumes any workload impact will be minimal, including legal services provided by the Department of Law.

Local government impact. Initiative 271 allows counties, cities, and any other political subdivision of the state to bring a lawsuit against an operator alleging violation of statute, rule, or permit. To the extent local governments bring suit, workload will increase.

Economic impacts. To the extent Initiative 271 increases legal action against oil and gas operators, the initiative may lead to higher costs or reduced activity in the oil and gas sector. This could decrease employment and investment in the industry.