

RECEIVED

By Steven Ward at 11:29 am, Mar 27, 2020

Initiative 2019-2020 #301 Regulatory impact analysis of oil and gas rules

Final

Be it enacted by the People of the State of Colorado. SECTION 1. In Colorado Revised Statutes, add 34-60-108.1 as follows:

34-60-108.1. Full Consideration of Public Health and Welfare Impacts of Commission Rules and Regulations –Regulatory Impact Finding – Legislative Declaration – Definitions.

(1) The People of the State of Colorado find and declare that:

(a) Oil and gas development in this State creates economic and social benefits that contribute to and improve the welfare of the citizens of this State;

(b) Among these benefits are direct and indirect employment, ad valorem taxes, State and other royalties, severance taxes, and Federal mineral royalties and rentals;

(c) Revenue generated from oil and gas development helps fund essential services across the State and in counties and municipalities, including funding contributions to emergency response and community protection, the Colorado public school system, the Colorado General Fund, the Colorado Water Conservation Board, the Oil and Gas Conservation and Environmental Response Fund, the Innovative Energy Fund, and the Division of Colorado Parks and Wildlife;

(d) Revenue generated from oil and gas development in Colorado also includes disbursements to the Federal government that contribute to the nation's welfare;

(e) Reductions in revenue and other contributions from oil and gas development have a detrimental impact on public health, safety, and welfare, including through lost direct and indirect employment, reductions in State and local essential services, and reduced tax and royalty payments to the State and local governments;

(f) To protect public health, safety, and welfare, the People of Colorado desire to ensure that all rules promulgated pursuant to any provision of this Article 60 are adopted only after full consideration of the economic and social health and welfare costs imposed by such rules.

(2) As used in this Section, unless the context otherwise requires:

(a) "Commercially Available" means any product, technology or equipment that has been adequately tested and is generally available through a common marketplace, is affordable, is fit and suitable for the purpose required, generates reliable and quality data, where applicable, and requires

little or no modification. The Commission shall promulgate rules to further describe the terms used in this Subsection 2(a) as necessary.

(b) “Cumulative Cost” means for an average oil and gas operator, the total cost of compliance with the rules of the Commission established pursuant to this Article 60, including the expected costs of the proposed rule being considered.

(3) Prior to or simultaneously with issuing a notice of proposed rule making as required by 24-4-103(3) C.R.S. for the adoption of any rule or rule revision under the authority provided by any provision of this Article 60, the Commission shall adopt and publish on the Commission’s website and make part of the administrative record an initial written regulatory impact finding that identifies the following information regarding the proposed rule, including the regulatory impact for the first, fifth, and tenth year following the Effective Date of any ultimately adopted rule for Paragraphs (a)-(e) below:

- (a) The cumulative cost of the proposed rule;
- (b) Any direct or indirect impact to employment expected as a result of the proposed rule;
- (c) The expected impact of the proposed rule on State and local, including municipal, tax revenue;
- (d) The expected impact of the proposed rule on all royalty payments for oil and gas development in the State;
- (e) The projected impacts on the growth or retraction of the oil and gas industry in the State as a result of the proposed rule;
- (f) That the proposed rule is capable of implementation by oil and gas operators;
- (g) If the proposed rule requires the acquisition or use of any product, technology or equipment, that such product, technology or equipment is commercially available;
- (h) The provision(s) of this Article 60 authorizing the proposed rule and, where applicable, the deficiency in existing rules that the proposed rule improves or corrects.

(4) The Commission shall adopt and publish a final written regulatory impact finding including the same information and in the same manner as provided in Subsection (3) herein at least 14 days prior to the public hearing required by 24-4-103(4) C.R.S.

(5) This Section takes effect upon official declaration of the Governor and is self-executing.

(6) This Section applies to any rule proposed after the Effective Date of this Section.