

**First Regular Session
Seventy-third General Assembly
STATE OF COLORADO**

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 21-0722.01 Ed DeCecco x4216

HOUSE BILL 21-1156

HOUSE SPONSORSHIP

Lynch and Pico, Arndt, Valdez D., Duran, McKean, Ricks, Titone

SENATE SPONSORSHIP

Kirkmeyer and Zenzinger, Moreno, Woodward

House Committees
Finance

Senate Committees
Finance

A BILL FOR AN ACT

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

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Under current law, a producer or purchaser is required to withhold an amount from each disbursement made to an interest owner in any oil and gas produced in the state and pay this amount to the department of revenue. The bill fixes defects related to this law by:

- For purposes of electronic payments, replacing a

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

SENATE
2nd Reading Unamended
April 19, 2021

HOUSE
3rd Reading Unamended
March 30, 2021

HOUSE
2nd Reading Unamended
March 29, 2021

cross-reference to a repealed subsection with a reference to the current statutory requirement;

- Expanding the defined term "producer" to be "producer or purchaser" to eliminate a redundancy in the law; and
- Repealing extraneous references to "oil shale" from the definition.

The bill also repeals obsolete filing requirements that applied prior to July 1, 2007.

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

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

4 **39-29-111. Withholding of income from oil and gas interest.**

5 (1) (a) Every producer or purchaser who disburses funds that are owed
6 to any person owning a working interest, a royalty interest, a production
7 payment, or any other interest in any oil or gas produced in Colorado
8 shall, unless such production is exempt under section 39-29-105 (1) and
9 the producer or purchaser has registered such exempt production with the
10 department of revenue in accordance with rules promulgated by the
11 department, withhold from the amount owed to such person an amount
12 equal to one percent of the gross income from such interest, except for
13 income accruing to the United States or the state of Colorado or to any
14 political subdivision of the state of Colorado. The amount withheld shall
15 be based on gross income as defined in section 39-29-102 (3)(a). ~~On or~~
16 ~~before each March 1, June 1, September 1, and December 1 prior to July~~
17 ~~1, 2007, the aggregate of all such amounts withheld during the prior~~
18 ~~calendar quarter shall be paid to the department; and, no later than such~~
19 ~~dates, a report covering the withholding of such amounts shall be filed~~
20 ~~with the department upon forms prescribed by the executive director. On~~
21 the first day of each month beginning with July 1, 2007, the aggregate of

1 all such amounts withheld during the calendar month that was three
2 months prior thereto shall be paid to the department in the manner set
3 forth in ~~paragraph (b) of this subsection (1)~~ SECTION 39-21-119.5 (4)(b).
4 Nothing in this section shall be so construed as to reduce the tax imposed
5 by this ~~article~~ ARTICLE 29.

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

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