



## Legislative Council Staff

*Nonpartisan Services for Colorado's Legislature*

### Fiscal Summary

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#### LCS TITLE: CONSTRUCTION PERMITS OIL AND GAS OPERATIONS

#### Fiscal Summary of Initiative 280

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](https://leg.colorado.gov/bluebook). This fiscal summary identifies the following impact.

**State revenue.** The measure is expected to increase state cash fund revenue by up to \$2.6 million per year beginning in FY 2025-26. This revenue is subject to TABOR. Permit applicants and operators pay fees depending on the type of permit sought, the amount of emissions allowed, and the time required for the Department of Public Health and Environment (CDPHE) to process the permit. This fee revenue accrues to the Stationary Sources Control Fund. The fiscal summary assumes that CDPHE will adjust its fees as necessary in FY 2024-25 to generate revenue that covers its costs beginning in FY 2025-26. In addition, CDPHE may assess new fees on indirect sources.

**State expenditures.** Initiative 280 modifies the way the way the Air Quality Control Commission in the Department of Public Health and Environment (CDPHE) addresses permitting for oil and gas operations. This increases costs in the CDPHE by \$2.8 million in FY 2024-25 and \$2.6 million in following years, paid from the General Fund and the Stationary Sources Control Fund. This includes 14.5 FTE for the CDPHE staff to conduct additional modeling on permit applications, as well as 4.5 FTE of legal services for rulemaking and general counsel. The workload estimate accounts for additional complexity in permit review for evaluating interconnected oil and gas systems, the inclusion of preproduction activities, and verifying that proposed air pollution sources in the ozone nonattainment area are offsetting their emissions.

**Economic impacts.** By introducing new air quality requirements for oil and gas permits, the initiative may lead to higher costs or reduced activity in the oil and gas sector, leading to a decrease in employment and investment in this and related sectors of the economy. If the measure causes a net reduction in pollution, residents may experience health benefits that positively impact the economy through fewer sick days or increased productivity.