



HB 18-1249

SHORT TITLE: Anvil Points Federal Mineral Lease Distribution

LONG TITLE: Concerning the requirement that the state treasurer distribute any federal funds related to the naval oil shale reserve land to specified counties or their federal mineral lease districts.

SPONSORS: Rep. Rankin/Sen. Lundberg (JBC bill)

PURPOSE OF THE BILL: To direct the distribution of moneys that were previously withheld by the federal government from leasing on the federal naval oil shale reserves to four counties that were impacted by activities on those lands.

PROPONENTS OF THE BILL: Northwest Colorado Counties, Colorado Counties Inc.

COMMITTEES: House Committees - Finance

POTENTIAL STAKEHOLDERS: State of Colorado, Department of Natural Resources (including CWCB), Dept. of Local Affairs and any other entities that might have benefitted from the funds under the current formula

BACKGROUND: Beginning in the 1920's the U.S. government maintained the Naval Oil Shale Reserves which lie in Colorado and Utah (NOSR 1 and 3) as a source of potential fuel for the Navy, should technology be developed. Beginning in the 1940's the U.S. government operated a research facility including a refinery at Anvil Points in Garfield County, Colorado. Activities on site depended on roads and services provided by the surrounding counties. The federal Transfer Act transferred the Naval Oil Shale Reserves to the Bureau of Land Management and specified that royalties collected from NOSR 1 and 3 would be placed in the United States Treasury and not distributed to the affected states until there was enough money in the Treasury to reimburse the United States for previous costs incurred relating to the transferred lands and to provide for cleanup of the Anvil Points site at NOSR 3. Clean up was completed in 2013 with excess funds remaining which have never been released by the government. It is believed that additional monies are owed but no accounting has been obtained after 2008. The four impacted counties worked with Colorado's Congressional delegation and the Dept. of the Interior over the years to release the money to the counties, based on a formula premised on the origin of the monies withheld. In 2010 the Colorado legislature passed HJR 1019 seeking payment to those counties; HB 18-1249 largely mirrors that resolution.

Is this bill necessary this year? The federal government may release the withheld funds during the coming year; the legislation is necessary to direct it to the four counties instead of thru the current Mineral Leasing Distribution formula

How does the bill change current law? The bill amends the current Mineral Leasing Distribution formula to direct that Colorado's share of lease money received on the Naval Oil Shale Reserve withheld by the federal government during the years prior to Jan. 1, 2009 pending the clean-up of Anvil Points be paid to the four counties based on their agreed-upon formula.



Does the bill affect the prior appropriations system? No

How is the bill implemented? It is anticipated that if the funds are released to Colorado, the Colorado Treasurer would issue checks or warrants to Garfield, Rio Blanco, Mesa and Moffat counties.

Practical considerations: Potential stakeholders under the current federal mineral distribution formula (The Dept. of Natural Resources, the Dept. of Local Affairs, the Governor's office, and Colorado Counties, Inc.) who have been included in discussions with the four counties do not oppose this bill.

Fiscal Impact: The Fiscal Impact Statement is based on a best guess of what may be left to distribute to the counties based on discussions with the Dept. of the Interior. Receipt of the money is still speculative. The Fiscal Impact Statement estimates that 1) if the funds were released and 2) if the funds were distributed under the current formula (rather than pursuant to HB 1249) they would be as follows:

- (\$7,969,500) to the State Public School Fund;
- (\$6,600,000) to the Local Government Mineral Impact Fund;
- (\$1,650,000) to the Colorado Water Conservation Board Construction Fund; and
- (\$280,500) to school districts located in counties directly impacted by mineral production.