



The Local Revenue Impacts Of Near-Term Oil And Gas Development

NEW MONEY FOR SCHOOLS, ROADS AND PUBLIC SERVICES

In early 2019, Governor Jared Polis and state lawmakers approved a major reform of Colorado’s oil and natural gas regulatory framework – Senate Bill 181. To better inform local-level policymaking under SB19-181, this brief analyzes near-term oil and gas development plans in 5 Colorado municipalities and the potential property tax revenues these activities may generate.



Aurora



Broomfield



Commerce City



Erie



Johnstown

LOCAL TAX REVENUE IN OIL & GAS

The total revenue across the 5 Colorado municipalities over the next 10 years of new oil and gas production is estimated to be between \$1.39 billion and \$1.85 billion.

This could mean enough revenue for ...

Education: \$822M-\$1.1B or \$562-\$748 per student

That could increase teacher’s salaries by \$17,800-\$23,700 OR hire between 2,438 and 3,244 new teachers.



Local Road Improvements: \$194M-\$258M

Which could mean repairing between 605 and 805 miles of deteriorated local roads with brand new asphalt overlay.



Similar to residential and commercial properties, oil and gas production is subject to the same property tax formula.

$$\text{PROPERTY TAX DUE} = \text{ACTUAL VALUE} \times \text{ASSESSMENT RATE} \times (\text{MILL LEVY}/1000)$$

The assessment rate on oil and gas production is more than 12X higher than residential properties and 3X the rate of commercial properties.

ASSESSMENT RATES BY PROPERTY TYPE

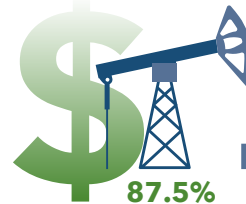
RESIDENTIAL



COMMERCIAL



OIL & GAS



SCENARIO 1 - FISCAL IMPACTS BY TYPE OF REVENUE SOURCE

| | Aurora | Broomfield | Commerce City | Erie | Johnstown | 10-Year Sum |
|-----------------------|-----------------|-----------------|-----------------|-----------------|----------------|----------------|
| Municipal government | \$53.0M | \$45.7M* | \$68.7M | \$21.4M | \$4.8M | \$193.7M |
| County government | \$123.7M | | \$60.9M | \$21.4M | \$4.5M | \$210.5M |
| K-12 public schools | \$505.1M | \$116.0M | \$111.4M | \$80.1M | \$9.5M | \$822.2M |
| Other public services | \$27.6M | \$24.4M | \$59.5M | \$29.1M | \$20.4M | \$161.1M |
| Total | \$709.4M | \$186.2M | \$300.5M | \$152.1M | \$39.3M | \$1.39B |

*Broomfield is both a city and a county