



Oil & Gas Revenue Questions

1. Royalty vs Severance Tax

- Severance: Colorado severance tax is imposed upon nonrenewable natural resources that are removed from the earth in Colorado. The tax is calculated on the gross income from oil and gas and carbon dioxide production. Producer of nonrenewable resources must pay severance tax to the State of Colorado. Half of the severance tax revenue in Colorado goes to the State Severance Tax Trust Fund and half into the Local Government Severance Tax Fund. The revenue in the local portion is returned to local governments impacted by oil, gas, and mineral production to help them provide needed services.
- Royalty: A royalty is based on the percentage of the gross production from the property. The amount the Town receives varies on how much the well is producing and the Town's percentage of owner interest which is negotiated through a lease with oil & gas companies.

2. How much revenue has the Town collected each year?

- See table below

3. Where is the revenue allocated?

- Property Tax revenue includes 2011 through 2013 collections. The 2014 abstract will not be available until August 2014. Larimer County oil & gas was negligible.
- Severance Tax= 2011 through 2013 actual collections. 2014 collections not known until August 2014. 2012 and future years will be assigned to Capital Improvement Fund.
- Oil & Gas Leases= royalties received from leases on Town owned properties.

Revenue Generated through Oil and Gas Industry

January 1, 2011 through May 23, 2014

Jan-May 2014						
Source	General Fund	Capital Improvement Fund	Non-Potable Water Fund	Sewer Fund	Total	
Property Tax					\$0	
Severance Tax					\$0	
Oil & Gas Leases		\$3,300		\$17,245	\$20,545	
2014 Total	\$0	\$3,300	\$0	\$17,245	\$20,545	
2013						
Source	General Fund	Capital Improvement Fund	Non-Potable Water Fund	Sewer Fund	Total	
Property Tax	\$187,832				\$187,832	
Severance Tax		\$254,638			\$254,638	
Oil & Gas Leases		\$117,407		\$31,500	\$148,907	
2013 Total	\$187,832	\$372,045	\$0	\$31,500	\$591,377	
2012						
Source	General Fund	Capital Improvement Fund	Non-Potable Water Fund	Sewer Fund	Total	
Property Tax	\$154,061				\$154,061	
Severance Tax		\$260,132			\$260,132	
Oil & Gas Leases		\$83,129		\$66,074	\$149,203	
2012 Total	\$154,061	\$343,261	\$0	\$66,074	\$563,396	
2011						
Source	General Fund	Capital Improvement Fund	Non-Potable Water Fund	Sewer Fund	Total	
Property Tax	\$163,125				\$163,125	
Severance Tax	\$198,000				\$198,000	
Oil & Gas Leases		\$144,216	\$228,024	\$34,362	\$406,602	
2011 Total	\$361,125	\$144,216	\$228,024	\$34,362	\$767,727	
TOTAL TO DATE						
Source	General Fund	Capital Improvement Fund	Non-Potable Water Fund	Sewer Fund	Total	
Property Tax	\$505,018				\$505,018	
Severance Tax	\$198,000	\$514,770			\$712,770	
Oil & Gas Leases		\$348,052	\$228,024	\$149,181	\$725,257	
Total	\$703,018	\$862,822	\$228,024	\$149,181	\$1,943,045	