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Be It Enacted by the People of the State of Colorado:

SECTION 1. Title 22, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW ARTICLE to read:

ARTICLE 51.5
PUBLIC SCHOOL IMPROVEMENT FUND

22 - 51.5 - 101. Creation of the public school improvement fund-composition.

THERE IS HEREBY CREATED IN THE OFFICE OF THE STATE TREASURER A FUND, SEPARATE FROM THE GENERAL FUND, TO BE KNOWN AS THE PUBLIC SCHOOL IMPROVEMENT FUND. THERE SHALL BE CREDITED TO SAID FUND ALL REVENUE RECEIVED PURSUANT TO SECTION 22-51.5-102, MONEYS RECEIVED FROM THE FEDERAL GOVERNMENT THAT ARE CREDITED TO THE PUBLIC SCHOOL IMPROVEMENT FUND PURSUANT TO THE PROVISIONS OF SECTION 34-63-102 (1.5), C.R.S., AND SUCH ADDITIONAL MONEYS AS MAY BE APPROPRIATED BY THE GENERAL ASSEMBLY.

22 - 51.5 - 102. Public school improvement tax.

(1) PRODUCERS OF OIL AND NATURAL GAS RECEIVING MORE THAN THREE HUNDRED THOUSAND DOLLARS ANNUALLY IN GROSS INCOME FROM THE SALE OF OIL AND NATURAL GAS EXTRACTED FROM LARGE WELLS IN THE STATE OF COLORADO SHALL PAY ONE AND ONE-HALF PERCENT OF THEIR GROSS INCOME FROM THE SALE OF OIL AND NATURAL GAS FROM LARGE WELLS IN THE STATE OF COLORADO AS A PUBLIC SCHOOL IMPROVEMENT TAX. THE REVENUE COLLECTED FROM THIS TAX SHALL BE DEPOSITED IN THE PUBLIC SCHOOL IMPROVEMENT FUND CREATED IN 22-51.5-101, C.R.S.

(2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "GROSS INCOME" SHALL HAVE THE SAME MEANING AS SECTION 39-29-102 (3) (a), C.R.S.;

(b) "LARGE WELLS" MEANS, WITH RESPECT TO OIL, WELLS PRODUCING AT LEAST FIFTEEN BARRELS PER DAY OF OIL AND, WITH RESPECT TO NATURAL GAS, WELLS PRODUCING AT LEAST NINETY THOUSAND CUBIC FEET PER DAY OF NATURAL GAS FOR THE AVERAGE OF ALL PRODUCING DAYS FOR SUCH OIL OR NATURAL GAS PRODUCTION DURING THE TAXABLE YEAR;

(c) "PRODUCERS" MEANS PERSONS WITH AN OWNERSHIP INTEREST IN THE GROSS INCOME FROM THE SALE OF OIL AND NATURAL GAS IN THE STATE OF COLORADO.

(3) THE PROCEEDS OF THIS TAX AND INVESTMENT INCOME THEREON SHALL BE COLLECTED AND SPENT BY THE STATE AS A VOTER-APPROVED REVENUE CHANGE WITHOUT REGARD TO ANY SPENDING LIMITATION CONTAINED WITHIN SECTION 20 OF

ARTICLE X OF THE COLORADO CONSTITUTION, OR ANY OTHER LAW, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER REVENUE THAT MAY BE COLLECTED AND SPENT BY THE STATE; EXCEPT THAT REVENUE COLLECTED FROM THIS TAX SHALL NOT BE INCLUDED IN THE EXCESS STATE REVENUES CAP PURSUANT TO SECTION 24-77-103.6, C.R.S.

22 - 51.5 - 103. Distribution of moneys in the fund.

(1) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, IN STATE FISCAL YEAR 2007-08 AND IN EACH OR ANY STATE FISCAL YEAR THROUGH STATE FISCAL YEAR 2010-11, THE GENERAL ASSEMBLY MAY EXPEND SOME PORTION OF MONEYS FROM THE FEDERAL GOVERNMENT THAT ARE CREDITED TO THE PUBLIC SCHOOL IMPROVEMENT FUND PURSUANT TO THE PROVISIONS OF SECTION 34-63-102, C.R.S., IN THAT STATE FISCAL YEAR FOR ANY PRESCHOOL THROUGH TWELFTH GRADE EDUCATION PURPOSE.

(2) EACH STATE FISCAL YEAR THE STATE TREASURER SHALL TRANSFER TO THE CAPITAL CONSTRUCTION EXPENDITURES RESERVE CREATED BY SECTION 22-54-117 (1.5) THE LESSER OF ALL MONEYS IN THE PUBLIC SCHOOL IMPROVEMENT FUND THAT ARE UNEXPENDED AND UNENCUMBERED PURSUANT TO SUBSECTION (1) OF THIS SECTION OR ONE HUNDRED TWENTY MILLION DOLLARS IN STATE FISCAL YEAR 2006-07, ADJUSTED EACH SUBSEQUENT STATE FISCAL YEAR FOR INFLATION, TO PROVIDE FUNDING FOR PRESCHOOL THROUGH TWELFTH GRADE PUBLIC SCHOOL BUILDINGS TO REPAIR, MAINTAIN, MAKE SAFE AND REPLACE DETERIORATING BUILDINGS, TO PROVIDE ADDITIONAL CLASSROOM SPACE FOR CHILDREN IN TEMPORARY STRUCTURES, TO PROVIDE ADEQUATE TECHNOLOGY, TO CONSTRUCT NEW BUILDINGS OR TO PROVIDE FOR THE ADMINISTRATION OF THESE PROGRAMS. PRIORITY SHALL BE GIVEN TO RURAL SCHOOLS AND DISTRICTS AND TO SCHOOLS AND DISTRICTS THAT ARE NOT ABLE TO RAISE SUFFICIENT REVENUE LOCALLY TO ADDRESS THEIR SCHOOL BUILDING NEEDS; AND PRIORITY SHALL BE PLACED ON THE USE OF THESE CAPITAL CONSTRUCTION FUNDS TO ADDRESS IMMEDIATE STUDENT HEALTH AND SAFETY NEEDS IN SCHOOL BUILDINGS, TO ENSURE COMPLIANCE WITH ALL RELEVANT FEDERAL, STATE, AND LOCAL LAWS, CODES, AND STANDARDS FOR SCHOOL BUILDINGS, AND TO RENOVATE OR REPLACE BUILDINGS THAT ARE FORTY YEARS OR OLDER. AS USED IN THIS SUBSECTION, "INFLATION" MEANS THE ANNUAL PERCENTAGE CHANGE IN THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS, CONSUMER PRICE INDEX FOR DENVER-BOULDER, ALL ITEMS, ALL URBAN CONSUMERS, OR ITS SUCCESSOR INDEX.

(3) NO MORE THAN ONE PERCENT OF MONEYS RECEIVED BY THE SCHOOL IMPROVEMENT FUND IN THE STATE FISCAL YEAR MAY BE SPENT TO DEFRAY THE COSTS RELATED TO THE ADMINISTRATION AND IMPLEMENTATION OF THIS ARTICLE 51.5.

(4) AT THE END OF EACH STATE FISCAL YEAR ANY UNEXPENDED AND UNENCUMBERED BALANCE REMAINING IN THE PUBLIC SCHOOL IMPROVEMENT FUND SHALL BE TRANSFERRED TO THE PUBLIC SCHOOL FUND CREATED BY SECTION 3 OF ARTICLE IX OF THE COLORADO CONSTITUTION.

22 - 51.5 - 104. Public report.

BY AUGUST 15 EACH YEAR, LEGISLATIVE COUNCIL STAFF SHALL PREPARE AND MAKE AVAILABLE TO THE PUBLIC A REPORT ON THE USE OF ALL MONEYS DEPOSITED IN AND EXPENDED FROM THE PUBLIC SCHOOL IMPROVEMENT FUND IN THE IMMEDIATELY PRECEDING STATE FISCAL YEAR.

22 - 51.5 - 105. Directive to the general assembly.

THE GENERAL ASSEMBLY IS HEREBY DIRECTED TO MAKE ANY CONFORMING AMENDMENTS REQUIRED BY THE PASSAGE OF THIS AMENDMENT.

SECTION 2. 22-41-106, Colorado Revised Statutes, is REPEALED AND REENACTED, WITH AMENDMENTS, to read:

22 - 41 - 106. Disposition of income.

(1) EACH STATE FISCAL YEAR ALL INTEREST DERIVED FROM THE INVESTMENT AND REINVESTMENT OF THE PUBLIC SCHOOL FUND SHALL BE USED TO FUND PRESCHOOL THROUGH TWELFTH GRADE EDUCATIONAL PROGRAMS, WHICH MAY INCLUDE BUT ARE NOT LIMITED TO PROGRAMS TO LOWER THE DROP OUT RATE, PURCHASE TEXTBOOKS, OR HELP SCHOOL DISTRICTS ATTRACT AND RETAIN QUALITY TEACHERS. A PRIORITY SHALL BE GIVEN TO PROVIDING OPPORTUNITIES FOR LOW INCOME CHILDREN, INCLUDING THE OPPORTUNITY TO ATTEND VOLUNTARY QUALITY PRESCHOOL PROGRAMS SO THEY ARE ABLE TO BEGIN SCHOOL READY TO LEARN.

(2) EXPENDITURE OF INTEREST FROM THE PUBLIC SCHOOL FUND SHALL BE CONSTRUED AS SUPPLEMENTARY AND ADDITIONAL TO EDUCATION SPENDING REQUIRED BY ANY OTHER ENACTED ON OR BEFORE JULY 1, 2006, AND SHALL NOT BE USED IN SATISFACTION OF ANY OTHER LAW ENACTED ON OR BEFORE JULY 1, 2006 INCLUDING THE PUBLIC SCHOOL FINANCE ACT OF 1994, AS AMENDED, OR ITS SUCCESSOR ACT AND SECTION 17 OF ARTICLE IX OF THE COLORADO CONSTITUTION; EXCEPT THE GENERAL ASSEMBLY MAY APPROPRIATE SOME PORTION OF INTEREST FROM THE PUBLIC SCHOOL FUND FOR ANY PRESCHOOL THROUGH TWELFTH GRADE EDUCATION PURPOSE, INCLUDING THE PUBLIC SCHOOL FINANCE ACT OF 1994, AS AMENDED, OR ITS SUCCESSOR ACT AND SECTION 17 OF ARTICLE IX OF THE COLORADO CONSTITUTION, IN EACH OR ANY STATE FISCAL YEAR THROUGH STATE FISCAL YEAR 2010-11.

SECTION 3. 34-63-102, Colorado Revised Statutes, is amended BY THE ADDITION OF THE FOLLOWING NEW SUBSECTIONS to read:

(1.5) AFTER JULY 1, 2007, FORTY PERCENT OF ALL MONEYS DESCRIBED IN PARAGRAPH (a) OF SUBSECTION (1) OF THIS SECTION SHALL, UPON RECEIPT, BE PAID INTO THE PUBLIC SCHOOL IMPROVEMENT FUND.

(1.7) AFTER JULY 1, 2007, EXCEPT AS PROVIDED IN SUBSECTION (1.5) OF THIS SECTION, THE GENERAL ASSEMBLY SHALL PROVIDE FOR THE DISTRIBUTION OF MONEYS DESCRIBED IN PARAGRAPH (a) OF SUBSECTION (1) OF THIS SECTION, LESS ANY MONEYS APPROPRIATED OR ENCUMBERED BY SUBSECTION (1.5) OF THIS SECTION, TO COUNTIES, MUNICIPALITIES, SCHOOL DISTRICTS, COLORADO WATER CONSERVATION BOARD CONSTRUCTION FUND AND THE LOCAL GOVERNMENT MINERAL IMPACT FUND.

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