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SECRETARY OF STATE

1 Be it Enacted by the People of the State of Colorado:

2  
3 **SECTION 1.** 39-29-101, Colorado Revised Statutes, is amended BY THE ADDITION  
4 OF A NEW SUBSECTION, to read:

5  
6 **39-29-101. Legislative declaration.** (4) IT IS THE INTENT OF THE PEOPLE OF THIS STATE  
7 THAT THE ADDITIONAL REVENUE GENERATED BY ELIMINATING THE TAX CREDIT GIVEN TO OIL AND  
8 GAS PRODUCERS FOR PROPERTY TAXES PAID AND CHANGING THE SEVERANCE TAX STRUCTURE AS  
9 APPROVED BY A VOTE OF THE PEOPLE AT THE 2008 GENERAL ELECTION SHALL SUPPLEMENT,  
10 RATHER THAN SUPPLANT, CURRENT APPROPRIATIONS TO THE FOLLOWING ENUMERATED PURPOSES  
11 AND SHALL BE USED TO PROVIDE FUNDING FOR THE FOLLOWING PUBLIC PURPOSES: SCHOLARSHIPS  
12 FOR STUDENTS ATTENDING STATE COLLEGES AND UNIVERSITIES; THE PRESERVATION OF WILDLIFE  
13 HABITAT; RENEWABLE AND CLEAN ENERGY PROJECTS; TRANSPORTATION PROJECTS IN  
14 COMMUNITIES IMPACTED BY OIL AND GAS PRODUCTION; AND COMMUNITY DRINKING WATER AND  
15 WASTEWATER TREATMENT GRANTS. IT IS THE FURTHER INTENT OF THE PEOPLE OF THIS STATE  
16 THAT THE PROGRAMS CURRENTLY FUNDED BY THE SEVERANCE TAX PAID BY OIL AND GAS  
17 PRODUCERS NOT BE ADVERSELY IMPACTED BY THE DISTRIBUTION OF THE ADDITIONAL REVENUE  
18 GENERATED BY THE CHANGES TO THE SEVERANCE TAX APPROVED BY A VOTE OF THE PEOPLE AT  
19 THE 2008 GENERAL ELECTION, WHICH IS REFLECTED IN THE DISTRIBUTION SET FORTH IN SECTION  
20 39-29-108 (2.3), C.R.S.

21  
22 **SECTION 2.** 39-29-105 (1) (b), Colorado Revised Statutes, is amended, and the said 39-  
23 29-105 (1) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

24  
25 **39-29-105. Tax on severance of oil and gas.** (1) (b) In addition to any other tax, there  
26 shall be levied, collected, and paid for each taxable year commencing on or after January 1,  
27 2000, BUT PRIOR TO JANUARY 1, 2009, a tax upon the gross income attributable to the sale of oil  
28 and gas severed from the earth in this state; except that oil produced from any wells that produce  
29 fifteen barrels per day or less of oil and gas produced from wells that produce ninety thousand  
30 cubic feet or less of gas per day for the average of all producing days for such oil or gas  
31 production during the taxable year shall be exempt from the tax. Nothing in this paragraph (b)  
32 shall exempt a producer of oil and gas from submitting a production employee report as required  
33 by section 39-29-110 (1) (d) (I). The tax for oil and gas shall be at the following rates of the  
34 gross income:

35

36 Under \$25,000	2%
37 \$25,000 and under \$100,000	3%
38 \$100,000 and under \$300,000	4%
39 \$300,000 and over	5%

40

41 (c) IN ADDITION TO ANY OTHER TAX, THERE SHALL BE LEVIED, COLLECTED, AND PAID FOR  
42 EACH TAXABLE YEAR COMMENCING ON AND AFTER JANUARY 1, 2009, A TAX UPON THE GROSS  
43 INCOME ATTRIBUTABLE TO THE SALE OF OIL AND GAS SEVERED FROM THE EARTH IN THIS STATE;  
44 EXCEPT THAT OIL PRODUCED FROM ANY WELLS THAT PRODUCE SEVEN AND ONE HALF BARRELS PER  
45 DAY OR LESS OF OIL AND GAS PRODUCED FROM WELLS THAT PRODUCE FORTY-FIVE THOUSAND  
46 CUBIC FEET OR LESS OF GAS PER DAY FOR THE AVERAGE OF ALL PRODUCING DAYS FOR SUCH OIL

1 AND GAS PRODUCTION DURING THE TAXABLE YEAR SHALL BE EXEMPT FROM THE TAX. NOTHING IN  
2 THIS PARAGRAPH (c) SHALL EXEMPT A PRODUCER OF OIL AND GAS FROM SUBMITTING A  
3 PRODUCTION EMPLOYEE REPORT AS REQUIRED BY SECTION 39- 29-110 (1) (d) (I). THE TAX FOR OIL  
4 AND GAS PROVIDED FOR IN THIS PARAGRAPH (c) SHALL BE AT THE FOLLOWING RATE OF GROSS  
5 INCOME:

6  
7 \$300,000 AND OVER 5% OF TOTAL GROSS INCOME  
8

9 **SECTION 3.** 39-29-105, Colorado Revised Statutes, is amended BY THE ADDITION  
10 OF A NEW SUBSECTION to read:

11  
12 (3) THE PROCEEDS OF THIS TAX RECEIVED IN ACCORDANCE WITH THE PROVISIONS OF  
13 PARAGRAPH (c) OF SUBSECTION (1) OF THIS SECTION AND INVESTMENT INCOME THEREON SHALL BE  
14 COLLECTED AND SPENT BY THE STATE AS A VOTER-APPROVED REVENUE CHANGE WITHOUT REGARD  
15 TO ANY SPENDING LIMITATION CONTAINED WITHIN SECTION 20 OF ARTICLE X OF THE STATE  
16 CONSTITUTION, OR ANY OTHER LAW, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER  
17 REVENUE THAT MAY BE COLLECTED AND SPENT BY THE STATE OR ANY DISTRICT.  
18

19 **SECTION 4.** 39-29-108 (2), Colorado Revised Statutes, is amended to read:

20  
21 **39-29-108. Allocation of severance tax revenues--definitions—repeal.** (1) Except as  
22 provided in ~~subsections (2) and (3)~~ SUBSECTIONS (2), (2.3), AND (3) of this section, the total gross  
23 receipts realized from the severance taxes imposed on minerals and mineral fuels under the  
24 provisions of this article shall be credited as follows:

25 (2) Of the total gross receipts realized from the severance taxes imposed on minerals and  
26 mineral fuels under the provisions of this article after June 30, 1981, EXCEPTING THOSE  
27 REVENUES LEVIED, COLLECTED, AND PAID BY OPERATION OF SECTION 39-29-105 (1) (c), fifty  
28 percent shall be credited to the ~~state~~ severance tax trust fund created by section 39-29-109, and  
29 fifty percent shall be credited to the local government severance tax fund created by section 39-  
30 29-110.

31 (2.3) OF THE TOTAL REVENUES LEVIED, COLLECTED, AND PAID BY OPERATION OF SECTION 39-  
32 29-105 (1) (c), TWENTY-TWO PERCENT SHALL BE CREDITED TO THE SEVERANCE TAX TRUST FUND  
33 CREATED BY SECTION 39-29-109, TWENTY-TWO PERCENT SHALL BE CREDITED TO THE LOCAL  
34 GOVERNMENT SEVERANCE TAX FUND CREATED BY SECTION 39-29-110, AND THE REMAINING FIFTY-  
35 SIX PERCENT SHALL CREDITED TO THE SEVERANCE TAX STABILIZATION TRUST FUND CREATED BY  
36 SECTION 39-29-110.5.

37 **SECTION 5.** Article 29 of Title 39, Colorado Revised Statutes, is amended BY THE  
38 ADDITION OF A NEW SECTION to read:

39 **39-29-110.5. Severance tax stabilization trust fund--creation--administration.** (1) (a)  
40 THERE IS HEREBY CREATED IN THE OFFICE OF THE STATE TREASURER THE SEVERANCE TAX  
41 STABILIZATION TRUST FUND. ALL INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF THE  
42 MONEYS IN THE SEVERANCE TAX STABILIZATION TRUST FUND SHALL BE CREDITED TO THE  
43 SEVERANCE TAX STABILIZATION TRUST FUND. AT THE END OF ANY FISCAL YEAR, ALL UNEXPENDED

1 AND UNENCUMBERED MONEYS IN THE FUND SHALL REMAIN THEREIN AND SHALL NOT BE CREDITED  
2 OR TRANSFERRED TO THE GENERAL FUND OR ANY OTHER FUND. ALL MONEYS IN THE OPERATIONAL  
3 ACCOUNT OF THE SEVERANCE TAX STABILIZATION TRUST FUND SHALL BE DISTRIBUTED BY THE  
4 GENERAL ASSEMBLY FOR THE PURPOSES AND IN THE PROPORTION SET FORTH IN SUBSECTION (2) OF  
5 THIS SECTION.  
6

7 (b) THE MONEYS IN THE SEVERANCE TAX STABILIZATION TRUST FUND SHALL BE HELD IN TWO  
8 ACCOUNTS, AS FOLLOWS:  
9

10 (I) **The perpetual base account.** TEN PERCENT OF THE SEVERANCE TAX RECEIPTS CREDITED  
11 TO THE SEVERANCE TAX STABILIZATION TRUST FUND AND THE INTEREST GENERATED THEREON  
12 SHALL BE RETAINED IN THE PERPETUAL BASE ACCOUNT. THE MAXIMUM BALANCE IN THE  
13 PERPETUAL BASE ACCOUNT SHALL BE ONE HUNDRED AND TWENTY-FIVE PERCENT OF THE PREVIOUS  
14 FISCAL YEAR'S REVENUE CREDITED TO THE SEVERANCE TAX STABILIZATION TRUST FUND PURSUANT  
15 TO SECTION 39-29-108 (2.3). IN ANY YEAR IN WHICH THE BALANCE OF THE PERPETUAL BASE  
16 ACCOUNT EXCEEDS ONE HUNDRED AND TWENTY-FIVE PERCENT OF THE PREVIOUS FISCAL YEAR'S  
17 REVENUE TO THE SEVERANCE TAX STABILIZATION TRUST FUND, THE INTEREST GENERATED BY THE  
18 PERPETUAL BASE ACCOUNT AND MONEYS IN EXCESS OF ONE HUNDRED AND TWENTY-FIVE PERCENT  
19 OF THE PREVIOUS FISCAL YEAR'S REVENUE TO THE SEVERANCE TAX STABILIZATION TRUST FUND  
20 SHALL BE CREDITED TO THE OPERATIONAL ACCOUNT OF THE SEVERANCE TAX STABILIZATION  
21 TRUST FUND.  
22

23 (II) **The operational account.** NINETY PERCENT OF THE SEVERANCE TAX RECEIPTS CREDITED  
24 TO THE SEVERANCE TAX STABILIZATION TRUST FUND, PLUS ANY MONEYS REQUIRED TO BE  
25 TRANSFERRED TO THE OPERATIONAL ACCOUNT PURSUANT TO SUBPARAGRAPH (I) OF THIS  
26 PARAGRAPH (b) SHALL BE CREDITED TO THE OPERATIONAL ACCOUNT OF THE SEVERANCE TAX  
27 STABILIZATION TRUST FUND.

28 (2) EACH YEAR THE MONEYS IN THE OPERATIONAL ACCOUNT OF THE SEVERANCE TAX  
29 STABILIZATION TRUST FUND SHALL BE DISTRIBUTED AS FOLLOWS:

30 (I) SIXTY PERCENT SHALL BE APPROPRIATED FOR THE EXCLUSIVE PURPOSE OF SCHOLARSHIPS  
31 FOR COLORADO RESIDENTS ATTENDING STATE INSTITUTIONS OF HIGHER EDUCATION, AS DEFINED  
32 BY SECTION 23-18-102 (10) (a), C.R.S., AND LOCAL DISTRICT COLLEGES AS DEFINED BY SECTION  
33 23-72-121.5, C.R.S., TO BE KNOWN AS COLORADO PROMISE SCHOLARSHIPS, AND SHALL BE  
34 DIRECTED TOWARDS MAKING HIGHER EDUCATION AFFORDABLE FOR COLORADO RESIDENTS FROM  
35 LOWER AND MIDDLE INCOME FAMILIES. THE COLORADO COMMISSION ON HIGHER EDUCATION  
36 SHALL ESTABLISH GUIDELINES AND POLICIES SETTING FORTH THE ELIGIBILITY CRITERIA FOR  
37 SCHOLARSHIPS FUNDED BY THIS PROVISION, TO INCLUDE CONSIDERATION OF SUCH FACTORS AS  
38 HOUSEHOLD INCOME, FAMILY SIZE, ELIGIBILITY FOR OTHER SOURCES OF FINANCIAL ASSISTANCE,  
39 AND THE INSTITUTION THE STUDENT ATTENDS. THE COMMISSION SHALL ESTABLISH ACADEMIC  
40 PERFORMANCE CRITERIA FOR OBTAINING AND MAINTAINING A COLORADO PROMISE SCHOLARSHIP.

41 (II) FIFTEEN PERCENT SHALL BE DEDICATED FOR THE EXCLUSIVE PURPOSE OF MAKING  
42 COMPETITIVE GRANTS TO COUNTIES, MUNICIPALITIES, OTHER POLITICAL SUBDIVISIONS OF THE  
43 STATE, THE COLORADO DIVISION OF WILDLIFE, THE COLORADO DIVISION OF PARKS AND OUTDOOR  
44 RECREATION, AND NONPROFIT CONSERVATION ORGANIZATIONS, FOR ACQUISITION OF REAL

1 PROPERTY OR INTERESTS THEREIN THAT WILL PRESERVE NATIVE WILDLIFE HABITAT ASSOCIATED  
2 WITH NATURAL AREAS, WORKING FARMS OR RANCHES, AND RIVERS AND STREAMS; AND TO THE  
3 EXTENT ACQUIRED WITH SUCH MONEYS, TO ASSIST WITH STEWARDSHIP OF REAL PROPERTY OR  
4 INTERESTS THEREIN. SUCH MONEYS SHALL BE ADMINISTERED AND OVERSEEN BY THE STATE  
5 BOARD OF THE GREAT OUTDOORS COLORADO TRUST FUND CREATED PURSUANT TO SECTION 6 OF  
6 ARTICLE XXVII OF THE STATE CONSTITUTION, BUT SUCH MONEYS SHALL NOT BE SUBJECT TO THE  
7 LIMITATIONS AND RESTRICTIONS MADE APPLICABLE TO THE GREAT OUTDOORS COLORADO TRUST  
8 FUND BY ARTICLE XXVII OF THE STATE CONSTITUTION. FURTHER, IN ADMINISTERING AND  
9 OVERSEEING THESE MONEYS, THE STATE BOARD OF THE GREAT OUTDOORS COLORADO TRUST FUND  
10 SHALL HAVE THE DISCRETION TO DIRECT THAT ANY PORTION OF THE AVAILABLE REVENUES BE  
11 USED FOR EXPENSES OF ADMINISTERING THESE MONEYS OR REINVESTED AND NOT EXPENDED IN  
12 ANY PARTICULAR YEAR.

13  
14 (III) TEN PERCENT SHALL BE CREDITED TO THE CLEAN ENERGY FUND CREATED IN SECTION 24-  
15 75-1201, C.R.S.;

16 (IV) TEN PERCENT SHALL BE APPROPRIATED TO THE COLORADO DEPARTMENT OF  
17 TRANSPORTATION TO FUND TRANSPORTATION PROJECTS IN COUNTIES AND MUNICIPALITIES OF THE  
18 STATE THAT ARE IMPACTED BY THE DEVELOPMENT, PROCESSING, OR ENERGY CONVERSION OF OIL  
19 AND GAS SUBJECT TO TAXATION UNDER THIS ARTICLE, INCLUDING BY MAKING GRANTS FOR  
20 TRANSPORTATION PURPOSES TO THOSE IMPACTED COMMUNITIES; AND

21 (V) FIVE PERCENT SHALL BE APPROPRIATED TO THE DEPARTMENT OF PUBLIC HEALTH AND  
22 ENVIRONMENT, WATER QUALITY CONTROL DIVISION, FOR THE EXCLUSIVE PURPOSE OF MAKING  
23 SMALL COMMUNITY DRINKING WATER GRANTS AND DOMESTIC WASTEWATER TREATMENT GRANTS.  
24 THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT SHALL HAVE THE DISCRETION TO DIRECT  
25 THAT ANY PORTION OF THE AVAILABLE REVENUES BE REINVESTED AND NOT EXPENDED IN ANY  
26 PARTICULAR YEAR.

27 **SECTION 6:** 24-75-1201(1) (a), Colorado Revised Statutes, is amended to read:

28 **24-75-1201. Clean energy fund – creation – use of fund – definitions.** (1) (a) The clean  
29 energy fund is hereby created in the state treasury. The principal of the fund shall consist of  
30 moneys transferred to the fund at the end of the 2006-07 state fiscal year and at the end of each  
31 succeeding state fiscal year from the limited gaming fund created in section 12-47.1-701 (1),  
32 C.R.S., in accordance with section 12-47.1-701 (5), C.R.S., ~~and~~ from moneys received by the  
33 governor's energy office pursuant to section 39-29-109 (1.5), C.R.S., in accordance with section  
34 39-29-109 (1.5) (h) (VII), C.R.S., AND FROM MONEYS RECEIVED PURSUANT TO SECTION 39-29-  
35 110.5 (2) (III), C.R.S. Interest and income earned on the deposit and investment of moneys in the  
36 clean energy fund shall be credited to the fund. Moneys in the fund at the end of any state fiscal  
37 year shall remain in the fund and shall not be credited to the state general fund or any other fund.

38 **SECTION 7:** 33-60-107, Colorado Revised Statutes, is amended BY THE ADDITION  
39 OF A NEW SUBSECTION to read:

40 **33-60-107. State board of the great outdoors Colorado trust fund.** (4) IN ADDITION TO  
41 ITS OTHER POWERS UNDER ARTICLE XXVII OF THE COLORADO CONSTITUTION AND THIS ARTICLE,

1 THE TRUST FUND BOARD SHALL HAVE THE POWER TO ADMINISTER AND OVERSEE MONEYS  
2 APPROPRIATED PURSUANT TO SECTION 39-29-110.5 (2) (II), C.R.S.

1 Proponents:

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