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SECRETARY OF STATE

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Initiative 1

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

SECTION 1. 39-29-101 (c), Colorado Revised Statutes, is amended to read:

39-29-101. Legislative declaration.
(c) It additionally is the intent of the general assembly that a portion of the revenues derived from such a severance tax be used by the state for public purposes, that a portion be held by the state in a perpetual trust fund, ~~and~~ that a portion be made available to local governments to offset the impact created by nonrenewable resource development, THAT A PORTION BE MADE AVAILABLE TO THE STATE EDUCATION FUND, THAT A PORTION BE MADE AVAILABLE FOR K-12 PUBLIC SCHOOLS CAPITAL CONSTRUCTION AND THAT A PORTION BE MADE AVAILABLE FOR HIGHER EDUCATION CAPITAL CONSTRUCTION.

SECTION 2. 39-29-105 (1) (a) and (b), Colorado Revised Statutes, are amended to read:

39-29-105. Tax on severance of oil and gas.
(1) (a) In addition to any other tax, there shall be levied, collected, and paid for each taxable year commencing prior to ~~January 1, 2000~~ JANUARY 1, 2008, a tax upon the gross income of crude oil, natural gas, carbon dioxide, and oil and gas severed from the earth in this state~~; except that oil produced from any wells that produce ten barrels per day or less of crude oil for the average of all producing days during the taxable year shall be exempt from the tax~~. Nothing in this paragraph (a) shall exempt a producer of oil and gas from submitting a production employee report as required by section 39-29-110 (1) (d) (I). The tax for crude oil, natural gas, carbon dioxide, and oil and gas shall be at the following rates of the gross income:

~~Under $25,000~~	~~2%~~
~~$25,000 and under $100,000~~	~~3%~~
~~$100,000 and under $300,000~~	~~4%~~
UNDER $300,000	0%
$300,000 and over	5%

(b) In addition to any other tax, there shall be levied, collected, and paid for each taxable year commencing on or after ~~January 1, 2000~~ JANUARY 1, 2008, a tax upon the gross income attributable to the sale of oil and gas severed from the earth in this state~~; except that oil produced from any wells that produce fifteen barrels per day or less of oil and gas produced from wells that produce ninety thousand cubic feet or less of gas per day for the average of all producing days for such oil or gas production during the taxable year shall be exempt from the tax~~. Nothing in this paragraph (b) shall exempt a producer of oil and gas from submitting a production employee report as required by section 39-29-110 (1) (d) (I). The tax for oil and gas shall be at the following rates of the gross income:

~~Under $25,000~~	~~2%~~
~~$25,000 and under $100,000~~	~~3%~~
~~$100,000 and under $300,000~~	~~4%~~
UNDER $300,000	0%
$300,000 and over	5%

SECTION 3. 39-29-105 (2) (a) and (b), Colorado Revised Statutes, are repealed.

39-29-105. Tax on severance of oil and gas.
~~(2) (a) With respect to crude oil, natural gas, carbon dioxide, and oil and gas, there shall be allowed, as a credit against the tax computed in accordance with the provisions of paragraph (a) of subsection (1) of this section for each taxable year commencing prior to January 1, 2000, an amount equal to eighty-seven and one-half percent of all ad valorem taxes assessed during the taxable year in the case of accrual basis taxpayers or paid during the taxable year in the case of cash basis taxpayers upon crude oil, natural gas, carbon dioxide, and oil and gas leaseholds and leasehold interests and oil and gas royalties and royalty interests for state, county, municipal, school district, and special district purposes, except such ad valorem taxes assessed or paid for such purposes upon equipment and facilities used in the drilling for, production of, storage of, and pipeline transportation of crude oil, natural gas, and carbon dioxide. However, no credit shall be allowed for ad valorem taxes paid or assessed on oil wells that produce ten barrels per day or less of crude oil for the average of all producing days during the taxable year.~~

~~(b) With respect to oil and gas, there shall be allowed, as a credit against the tax computed in accordance with the provisions of paragraph (b) of subsection (1) of this section for each taxable year commencing on or after January 1, 2000, an amount equal to eighty-seven and one-half percent of all ad valorem taxes assessed during the taxable year in the case of accrual basis taxpayers or paid during the taxable year in the case of cash basis taxpayers upon oil and gas leaseholds and leasehold interests and oil and gas royalties and royalty interests for state, county, municipal, school district, and special district purposes, except such ad valorem taxes assessed or paid for such purposes upon equipment and facilities used in the drilling for, production of, storage of, and pipeline transportation of oil and gas. However, no credit shall be allowed for ad valorem taxes paid or assessed on oil and gas production that is exempt from the state severance tax pursuant to subsection (1) of this section.~~

SECTION 4. 39-29-105, Colorado Revised Statutes, is amended by the addition of a new subsection to read:

39-29-105. Tax on severance of oil and gas.
(3) THE PROCEEDS OF THIS TAX AND INVESTMENT INCOME THEREON SHALL BE COLECTED 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 OR ANY DISTRICT; EXCEPT THAT REVENUE COLLECTED FROM THIS TAX SHALL NOT BE INCLUDED IN

THE EXCESS STATE REVENUES CAP PURSUANT TO SECTION 24-77-103.6, COLORADO REVISED STATUTES.

SECTION 5. 39-29-108 (2), Colorado Revised Statutes, is amended and a new subsection is added to read:

39-29-108 (2). Allocation of severance tax revenues.
(2) (a) Of the total gross receipts realized from the severance taxes imposed on minerals and mineral fuels under the provisions of this article EXCEPTING THOSE REVENUES RECEIVED BY OPERATION OF 39-29-105 (1) (A) AND (B) after ~~June 30, 1981~~ JANUARY 1, 2008, fifty percent shall be credited to the state severance tax trust fund created by section 39-29-109, and fifty percent shall be credited to the local government severance tax fund created by section 39-29-110.

(B) OF THE REVENUES RECEIVED BY OPERATION OF 39-29-105 (1) (A) AND (B)

(I) TWENTY-THREE PERCENT OF SUCH REVENUES SHALL BE APPROPRIATED TO THE CAPITAL CONSTRUCTION EXPENDITURES RESERVE ESTABLISHED IN SECTION 22-54-117 (1.5), COLORADO REVISED STATUTES, OR ANY SUCCESSOR RESERVE, FOR THE PURPOSES SET FORTH THEREIN;

(II) FIFTEEN PERCENT OF SUCH REVENUES SHALL BE APPROPRIATED TO THE STATE EDUCATION FUND CREATED PURSUANT TO SECTION 17 OF ARTICLE IX OF THE COLORADO CONSTITUTION;

(III) FIFTEEN PERCENT OF SUCH REVENUES SHALL BE APPROPRIATED TO THE CAPITAL CONSTRUCTION FUND CREATED PURSUANT TO SECTION 24-75-302, COLORADO REVISED STATUTES, OR ANY SUCCESSOR FUND, FOR THE PURPOSES SET FORTH THEREIN;

(IV) TWENTY-THREE PERCENT OF SUCH REVENUES SHALL BE APPROPRIATED AND DISTRIBUTED DIRECTLY TO COUNTIES AND MUNICIPALITIES SOCIALLY OR ECONOMICALLY IMPACTED BY THE DEVELOPMENT, PROCESSING, OR ENERGY CONVERSION OF THE NONRENEWABLE NATURAL RESOURCES OF OIL AND GAS PURSUANT TO SECTION 39-29-110 (1) (C), COLORADO REVISED STATUTES, OR ANY SUCCESSOR ACT, FOR THE PURPOSES SET FORTH THEREIN; AND

(V) TWENTY-FOUR PERCENT OF SUCH REVENUES SHALL BE APPROPRIATED AND DISTRIBUTED AS MAY BE DETERMINED BY THE GENERAL ASSEMBLY.