

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

Article IX of the constitution of the state of Colorado is amended BY THE ADDITION OF A NEW SECTION to read:

Section 18. Permanent school fund augmentation.

(1) **AUGMENTATION OF PERMANENT SCHOOL FUND.** (a) IN ADDITION TO MONEYS RECEIVED FROM ANY OTHER SOURCE, THERE SHALL BE CREDITED TO THE PERMANENT SCHOOL FUND ALL REVENUE COLLECTED FROM THE IMPOSITION OF A ONE PERCENT TAX ON THE PROCEEDS ATTRIBUTABLE TO THE SALE OF OIL AND NATURAL GAS EXTRACTED FROM LARGE WELLS IN THE STATE OF COLORADO TO BE PAID BY THE PRODUCERS OF SUCH OIL AND NATURAL GAS; EXCEPT THAT PRODUCERS RECEIVING LESS THAN THREE HUNDRED THOUSAND DOLLARS ANNUALLY FROM THE PROCEEDS ATTRIBUTABLE TO THE SALE OF OIL AND NATURAL GAS SHALL BE EXEMPT FROM THIS TAX.

(I) THIS TAX SHALL BE IN ADDITION TO ANY OTHER TAX LEVIED UPON INCOME FROM THE SEVERANCE OR EXTRACTION OF OIL AND NATURAL GAS RESOURCES IN THE STATE, PROVIDED THAT THIS TAX SHALL BE REDUCED BY THE AMOUNT OF ANY STATEWIDE TAX INCREASE ON PROCEEDS ATTRIBUTABLE TO THE SEVERANCE OR EXTRACTION OF OIL AND NATURAL GAS APPROVED BY A MAJORITY OF VOTERS IN THE STATE CONCURRENT WITH OR SUBSEQUENT TO THE EFFECTIVE DATE OF THIS SECTION.

(II) REVENUE RECEIVED THROUGH THE OPERATION OF THIS PARAGRAPH (a) SHALL NOT BE SUBJECT TO SPENDING LIMITS UPON STATE GOVERNMENT AND ALL LOCAL GOVERNMENTS RECEIVING SUCH MONEY.

(b) IN FISCAL YEAR 2007-2008, TWENTY PERCENT OF MONEYS RECEIVED BY THE STATE PUBLIC SCHOOL FUND FROM THE FEDERAL GOVERNMENT PURSUANT TO THE "MINERAL LANDS LEASING ACT" OF FEBRUARY 25, 1920, AS AMENDED, SHALL BE TRANSFERRED INTO THE PERMANENT SCHOOL FUND; IN FISCAL YEAR 2008-2009 FORTY PERCENT OF SUCH MONEYS SHALL BE TRANSFERRED INTO THE PERMANENT SCHOOL FUND; IN FISCAL YEAR 2009-2010 SIXTY PERCENT OF SUCH MONEYS SHALL BE TRANSFERRED INTO THE PERMANENT SCHOOL FUND; IN FISCAL YEAR 2010-2011 EIGHTY PERCENT OF SUCH MONEYS SHALL BE TRANSFERRED INTO THE PERMANENT SCHOOL FUND; IN 2011-2012 AND EVERY YEAR THEREAFTER ALL SUCH MONEYS SHALL BE TRANSFERRED INTO THE PERMANENT SCHOOL FUND. THE GENERAL ASSEMBLY MAY ALTER THE DISTRIBUTION OF MONEYS RECEIVED FROM THE FEDERAL GOVERNMENT PURSUANT TO THE "MINERAL LANDS LEASING ACT" OF FEBRUARY 25, 1920, AS AMENDED, FROM THE REQUIREMENTS OF STATUTE AS OF JANUARY 1, 2006 EXCEPT THAT AT LEAST FORTY-EIGHT PERCENT SHALL BE DEPOSITED INTO THE STATE PUBLIC SCHOOL FUND.

(2) **EXPENDITURES OF MONEYS.** (a) AN AMOUNT EQUAL TO THE LESSER OF THE TOTAL MONEYS RECEIVED BY THE PERMANENT SCHOOL FUND THROUGH THE OPERATION OF SUBSECTION (1) OF THIS SECTION IN THE PRECEDING FISCAL YEAR OR ONE HUNDRED TWENTY MILLION DOLLARS, ADJUSTED ANNUALLY FOR INFLATION, SHALL BE DEDICATED ANNUALLY 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.

(I) THE GENERAL ASSEMBLY SHALL ENACT LAWS TO IMPLEMENT THE PURPOSES OF PARAGRAPH (a) OF SUBSECTION (2) OF THIS SECTION EXCEPT THAT 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.

(II) NO MORE THAN ONE PERCENT OF MONEYS RECEIVED PURSUANT TO SUBSECTION (1) OF THIS SECTION SHALL BE SPENT ON ADMINISTRATIVE EXPENSES.

(b) INTEREST GENERATED FROM THE PERMANENT SCHOOL FUND SHALL BE USED ANNUALLY 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; EXCEPT THAT A PRIORITY SHALL BE GIVEN TO PROVIDING LOW INCOME CHILDREN THE OPPORTUNITY TO ATTEND VOLUNTARY QUALITY PRESCHOOL PROGRAMS SO THEY ARE ABLE TO BEGIN SCHOOL READY TO LEARN.

(I) EXPENDITURE OF INTEREST FROM THE PERMANENT SCHOOL FUND SHALL BE CONSTRUED AS SUPPLEMENTARY AND ADDITIONAL TO EDUCATION SPENDING ENTAILED BY ANY OTHER REQUIREMENT OF LAW INCLUDING ARTICLE IX SECTION 17 OF THIS CONSTITUTION; EXCEPT THE GENERAL ASSEMBLY MAY TRANSFER SOME PORTION OF INTEREST TO THE STATE PUBLIC SCHOOL FUND ANNUALLY THROUGH FISCAL YEAR 2010-2011.

(c) THE GENERAL ASSEMBLY SHALL ANNUALLY PREPARE AND MAKE PUBLIC A REPORT ON THE USE OF ALL MONEYS RECEIVED PURSUANT TO SUBSECTION (1) OF THIS SECTION.

(3) **DEFINITIONS.** AS USED IN THIS SECTION 18, UNLESS THE CONTEXT OTHERWISE REQUIRES: (a) "PROCEEDS" MEANS THE NET AMOUNT REALIZED BY THE TAXPAYER FOR THE SALE OF THE OIL OR NATURAL GAS, WHETHER THE SALE OCCURS AT THE WELLHEAD OR AFTER TRANSPORTATION, MANUFACTURING AND PROCESSING OF THE PRODUCT LESS DEDUCTIONS FOR ANY TRANSPORTATION, MANUFACTURING AND PROCESSING COSTS BORNE BY THE TAXPAYER; EXCEPT THAT THE GENERAL ASSEMBLY SHALL DETERMINE THE MEANING OF 'PROCEEDS' WHERE THE PARTIES TO THE SALE ARE RELATED PARTIES;

(b) "PRODUCERS" MEANS PERSONS WITH AN OWNERSHIP INTEREST IN THE PROCEEDS FROM THE SALE OF OIL AND NATURAL GAS IN THE STATE OF COLORADO;

(c) "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.

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