

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

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-distribution of moneys in fund.**

(1) A ONE PERCENT TAX ON THE PROCEEDS FROM THE SALE OF OIL AND NATURAL GAS FROM LARGE WELLS LOCATED IN COLORADO SHALL BE IMPOSED UPON PRODUCERS RECEIVING MORE THAN THREE HUNDRED THOUSAND DOLLARS ANNUALLY FROM SUCH PROCEEDS, WITH THE REVENUE FROM THIS TAX TO BE DEPOSITED INTO THE PUBLIC SCHOOL IMPROVEMENT FUND TO BE ESTABLISHED BY THE GENERAL ASSEMBLY; AND, BY AT LEAST FISCAL YEAR 2011-2012, ALL STATE PUBLIC SCHOOL FUND MONEYS RECEIVED FROM THE FEDERAL GOVERNMENT PURSUANT TO THE "MINERAL LANDS LEASING ACT" OF FEBRUARY 25, 1920, AS AMENDED, SHALL ALSO BE TRANSFERRED INTO THE PUBLIC SCHOOL IMPROVEMENT FUND. THE FIRST HUNDRED TWENTY MILLION DOLLARS RECEIVED EACH YEAR BY THE PUBLIC SCHOOL IMPROVEMENT FUND, ADJUSTED ANNUALLY FOR INFLATION, SHALL BE USED FOR PRESCHOOL THROUGH TWELFTH GRADE PUBLIC SCHOOL RENOVATIONS OR CONSTRUCTION, WITH PRIORITY GIVEN TO SCHOOLS AND DISTRICTS IN RURAL AREAS, AND SCHOOLS AND DISTRICTS THAT ARE UNABLE 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. ONLY ADMINISTRATIVE COSTS THAT DO NOT EXCEED ONE PERCENT OF THE MONEYS USED ANNUALLY FOR PRESCHOOL THROUGH TWELFTH GRADE CAPITAL CONSTRUCTION MAY BE PAID FOR BY ANNUAL MONEYS DEPOSITED INTO THE PUBLIC SCHOOL IMPROVEMENT FUND. ANY UNEXPENDED BALANCE REMAINING IN THE PUBLIC SCHOOL IMPROVEMENT FUND SHALL ANNUALLY BE TRANSFERRED INTO THE PERMANENT SCHOOL FUND. INTEREST GENERATED FROM THE PERMANENT SCHOOL FUND SHALL BE ALLOCATED 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. ALLOCATIONS OF INTEREST MUST BE IN ADDITION TO OTHER EDUCATION FUNDING REQUIREMENTS AS OF PASSAGE OF THIS AMENDMENT. THE GENERAL ASSEMBLY SHALL PUBLISH A REPORT ANNUALLY DESCRIBING ALL OF THE MONEYS RECEIVED AND EXPENDED FROM PUBLIC SCHOOL IMPROVEMENT FUND. REVENUE FROM THIS NEW TAX SHALL BE EXEMPT FROM STATE AND LOCAL SPENDING LIMITS. THE GENERAL ASSEMBLY SHALL ENACT LAWS TO IMPLEMENT THE PURPOSES OF THIS AMENDMENT.

(2) (a) "PROCEEDS" MEANS THE AMOUNT REALIZED BY THE TAXPAYER FROM THE SALE OF OIL OR NATURAL GAS EXTRACTED IN THE STATE OF COLORADO, LESS DEDUCTIONS FOR ANY TRANSPORTATION, MANUFACTURING AND PROCESSING COSTS BORNE BY THE TAXPAYER;

(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.