

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) (I) 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 TWO 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 FROM LARGE WELLS SHALL BE EXEMPT FROM THIS TAX.

(II) 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.

(III) REVENUE RECEIVED THROUGH THE OPERATION OF THIS PARAGRAPH (a) OR ANY INTEREST OR INCOME EARNED THEREFROM SHALL NOT BE SUBJECT TO SPENDING LIMITS UPON STATE GOVERNMENT AND ALL LOCAL GOVERNMENTS RECEIVING SUCH MONEY AND SHALL BE EXCLUDED FROM FISCAL YEAR SPENDING AS THAT TERM IS USED IN SECTION 20 OF ARTICLE X OF THIS CONSTITUTION.

(b) IN STATE FISCAL YEAR 2007-08, TWENTY PERCENT OF MONEYS DEPOSITED INTO 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 STATE FISCAL YEAR 2008-09, FORTY PERCENT OF SUCH MONEYS SHALL BE TRANSFERRED INTO THE PERMANENT SCHOOL FUND. IN STATE FISCAL YEAR 2009-10, SIXTY PERCENT OF SUCH MONEYS SHALL BE TRANSFERRED INTO THE PERMANENT SCHOOL FUND. IN STATE FISCAL YEAR 2010-11, EIGHTY PERCENT OF SUCH MONEYS SHALL BE TRANSFERRED INTO THE PERMANENT SCHOOL FUND. IN STATE FISCAL YEAR 2011-12, AND EVERY YEAR THEREAFTER ALL SUCH MONEYS SHALL BE TRANSFERRED INTO THE PERMANENT SCHOOL FUND. THE GENERAL ASSEMBLY SHALL NOT 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 UNLESS AT LEAST FORTY PERCENT IS DEPOSITED INTO THE STATE PUBLIC SCHOOL FUND EACH STATE FISCAL YEAR.

(2) **EXPENDITURES OF MONEYS.** (a) (I) EACH STATE FISCAL YEAR THE STATE SHALL 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 THAT ARE IN TEMPORARY STRUCTURES, TO PROVIDE ADEQUATE TECHNOLOGY, TO CONSTRUCT NEW BUILDINGS OR TO PROVIDE FOR THE ADMINISTRATION OF THESE PROGRAMS WITH THE FOLLOWING

MONEYS: THE TOTAL MONEYS DEPOSITED IN THE PERMANENT SCHOOL FUND THROUGH THE OPERATION OF SUBSECTION (1) OF THIS SECTION IN THE STATE FISCAL YEAR OR ONE HUNDRED TWENTY MILLION DOLLARS OF THE MONEYS DEPOSITED IN THE PERMANENT SCHOOL FUND THROUGH THE OPERATION OF SUBSECTION (1) OF THIS SECTION IN THE STATE FISCAL YEAR, ADJUSTED FOR INFLATION EACH STATE FISCAL YEAR SUBSEQUENT TO STATE FISCAL YEAR 2006-07, WHICHEVER IS LESS.

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

(III) NO MORE THAN ONE PERCENT OF MONEYS RECEIVED PURSUANT TO SUBSECTION (1) OF THIS SECTION EACH STATE FISCAL YEAR MAY BE SPENT TO DEFRAY THE COSTS RELATED TO THE ADMINISTRATION AND IMPLEMENTATION OF THIS SECTION THAT STATE FISCAL YEAR.

(b) (I) INTEREST GENERATED FROM THE PERMANENT 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 PLACED ON PROVIDING LOW INCOME CHILDREN THE OPPORTUNITY TO ATTEND VOLUNTARY QUALITY PRESCHOOL PROGRAMS SO THEY ARE ABLE TO BEGIN SCHOOL READY TO LEARN.

(II) EXPENDITURE OF INTEREST FROM THE PERMANENT SCHOOL FUND SHALL BE CONSTRUED AS SUPPLEMENTARY AND ADDITIONAL TO EDUCATION SPENDING REQUIRED BY ANY OTHER LAW INCLUDING THE PUBLIC SCHOOL FINANCE ACT OF 1994, AS AMENDED, OR ITS SUCCESSOR ACT, AND SECTION 17 OF ARTICLE IX OF THIS CONSTITUTION; EXCEPT THAT THE GENERAL ASSEMBLY MAY USE SOME PORTION OF INTEREST FROM THE PERMANENT 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 THIS CONSTITUTION IN EACH OR ANY STATE FISCAL YEAR THROUGH STATE FISCAL YEAR 2010-11.

(c) ON OR BEFORE SEPTEMBER 15 EACH YEAR, THE GENERAL ASSEMBLY OR ITS DESIGNEE SHALL PREPARE AND MAKE PUBLIC A REPORT ON ALL EXPENDITURES FROM THE PERMANENT SCHOOL FUND IN THE PREVIOUS STATE FISCAL YEAR.

(3) **DEFINITIONS.** AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES: (a) "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.

(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;

(c) "PERMANENT SCHOOL FUND" MEANS THE PUBLIC SCHOOL FUND CREATED BY SECTION 3 OF ARTICLE IX OF THIS CONSTITUTION;

(d) "PROCEEDS" MEANS THE NET AMOUNT REALIZED BY THE PRODUCER 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. NET AMOUNT SHALL BE CALCULATED ON THE BASIS OF THE GROSS LEASE REVENUES, LESS DEDUCTIONS FOR ANY TRANSPORTATION, MANUFACTURING, AND PROCESSING COSTS BORNE BY THE PRODUCER; EXCEPT THAT THE GENERAL ASSEMBLY SHALL DETERMINE THE MEANING OF 'PROCEEDS' WHERE THE PARTIES TO THE SALE ARE RELATED PARTIES;

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