

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 TWO PERCENT TAX ON THE PROCEEDS FROM THE SALE OF OIL AND NATURAL GAS FROM LARGE WELLS LOCATED IN COLORADO SHALL BE IMPOSED BY THE STATE UPON PRODUCERS RECEIVING MORE THAN THREE HUNDRED THOUSAND DOLLARS ANNUALLY OF SUCH PROCEEDS. THE REVENUE FROM THIS TAX SHALL BE DEPOSITED INTO THE PUBLIC SCHOOL IMPROVEMENT FUND WHICH IS HEREBY CREATED IN THE STATE TREASURY; AND, BY AT LEAST STATE FISCAL YEAR 2011-12 AND EACH YEAR THEREAFTER, AT LEAST FORTY PERCENT OF MONEYS RECEIVED BY THE STATE FROM THE FEDERAL GOVERNMENT PURSUANT TO THE FEDERAL MINERAL LANDS LEASING ACT OF FEBRUARY 25, 1920, AS AMENDED, SHALL ALSO BE TRANSFERRED INTO THE PUBLIC SCHOOL IMPROVEMENT FUND. THE MONEYS DEPOSITED IN THE PUBLIC SCHOOL IMPROVEMENT FUND EACH STATE FISCAL YEAR, UP TO ONE HUNDRED TWENTY MILLION DOLLARS, ADJUSTED FOR INFLATION EACH STATE FISCAL YEAR AFTER 2007-08, 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 IN TOTAL EXCEED ONE PERCENT OF THE MONEYS USED IN THE SAME STATE FISCAL YEAR FOR PRESCHOOL THROUGH TWELFTH GRADE CAPITAL CONSTRUCTION AND RENOVATION MAY BE PAID FOR WITH MONEYS DEPOSITED INTO THE PUBLIC SCHOOL IMPROVEMENT FUND. THE GENERAL ASSEMBLY SHALL TRANSFER ANY UNENCUMBERED BALANCE REMAINING IN THE PUBLIC SCHOOL IMPROVEMENT FUND AT THE END OF EACH STATE FISCAL YEAR INTO THE PERMANENT SCHOOL FUND. ALL INTEREST GENERATED FROM THE PERMANENT SCHOOL FUND SHALL BE ALLOCATED EACH STATE FISCAL YEAR 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 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 NOVEMBER 7, 2006. THE GENERAL ASSEMBLY SHALL PUBLISH A REPORT EACH STATE FISCAL YEAR DESCRIBING ALL OF THE MONEYS RECEIVED BY AND EXPENDED FROM THE PUBLIC SCHOOL IMPROVEMENT FUND IN THE PRECEDING STATE FISCAL YEAR. THE GENERAL ASSEMBLY SHALL ENACT LAWS TO IMPLEMENT THE PURPOSES OF THIS SECTION.

(2) THE PROCEEDS OF THIS TAX AND INVESTMENT INCOME THEREON SHALL BE COLLECTED 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 THIS 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, C.R.S.

(3) (a) "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;

(b) "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.