

1 **Initiative 1**

2
3 Be it Enacted by the People of the State of Colorado:

4
5 **SECTION 1.** 39-29-101 (c), Colorado Revised Statutes, is amended to read:

6
7 **39-29-101. Legislative declaration.**

8 (c) It additionally is the intent of the general assembly that a portion of the revenues
9 derived from such a severance tax be used by the state for public purposes, that a portion
10 be held by the state in a perpetual trust fund, ~~and~~ that a portion be made available to local
11 governments to offset the impact created by nonrenewable resource development, THAT A
12 PORTION BE MADE AVAILABLE TO THE STATE EDUCATION FUND, THAT A PORTION BE MADE
13 AVAILABLE FOR K-12 PUBLIC SCHOOLS CAPITAL CONSTRUCTION AND THAT A PORTION BE
14 MADE AVAILABLE FOR HIGHER EDUCATION CAPITAL CONSTRUCTION.
15

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

17 **39-29-105. Tax on severance of oil and gas.**

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

27	Under \$25,000	2%
28	\$25,000 and under \$100,000	3%
29	\$100,000 and under \$300,000	4%
30	UNDER \$300,000	0%
31	\$300,000 and over	5%

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

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

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

7

8 **39-29-105. Tax on severance of oil and gas.**

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

22

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

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

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39 **39-29-105. Tax on severance of oil and gas.**

40 (3) THE PROCEEDS OF THIS TAX AND INVESTMENT INCOME THEREON SHALL BE COLECTED
41 AND SPENT BY THE STATE AS A VOTER-APPROVED REVENUE CHANGE WITHOUT REGARD TO
42 ANY SPENDING LIMITATION CONTAINED WITHIN SECTION 20 OF ARTICLE X OF THE
43 COLORADO CONSTITUTION, OR ANY OTHER LAW, AND WITHOUT LIMITING IN ANY YEAR THE
44 AMOUNT OF OTHER REVENUE THAT MAY BE COLLECTED AND SPENT BY THE STATE OR ANY
45 DISTRICT; EXCEPT THAT REVENUE COLLECTED FROM THIS TAX SHALL NOT BE INCLUDED IN

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

3
4 **SECTION 5.** 39-29-108 (2), Colorado Revised Statutes, is amended and a new
5 subsection is added to read:

6
7 **39-29-108 (2). Allocation of severance tax revenues.**

8 (2) (a) Of the total gross receipts realized from the severance taxes imposed on minerals
9 and mineral fuels under the provisions of this article EXCEPTING THOSE REVENUES
10 RECEIVED BY OPERATION OF 39-29-105 (1) (A) AND (B) after ~~June 30, 1981~~ JANUARY 1,
11 2008, fifty percent shall be credited to the state severance tax trust fund created by
12 section 39-29-109, and fifty percent shall be credited to the local government severance
13 tax fund created by section 39-29-110.

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

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

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

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

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

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