

1 Be it Enacted by the People of the State of Colorado:

2
3 Article X of the Constitution of the State of Colorado is hereby amended BY THE
4 ADDITION OF A NEW SECTION to read:

5 **SECTION 22. SEVERANCE TAX ON OIL AND GAS.**

6 (1) THE PEOPLE OF THE STATE OF COLORADO HEREBY FIND THAT NONRENEWABLE
7 NATURAL RESOURCES ARE A PART OF COLORADO'S TREASURE AND LEGACY AND, WHEN
8 REMOVED FROM THE EARTH, THE VALUE OF SUCH RESOURCES TO THE STATE OF COLORADO
9 IS IRRETRIEVABLY LOST; AND THAT IT IS APPROPRIATE AND FITTING THAT THE STATE
10 ASSESS A TAX UPON INCOME DERIVED FROM THE EXTRACTION AND SALE OF SUCH
11 NONRENEWABLE RESOURCES, ELIMINATE THE AD VALOREM CREDIT AFFORDED PRODUCERS
12 OF OIL AND GAS AND DEDICATE A PORTION OF THE REVENUES COLLECTED AS A RESULT FOR
13 THE PURPOSE OF CREATING LONG-TERM SUSTAINABLE ASSETS FOR THE PEOPLE OF
14 COLORADO.

15 (2) IN ADDITION TO ANY OTHER TAX, THERE SHALL BE LEVIED, COLLECTED, AND PAID
16 FOR EACH TAXABLE YEAR COMMENCING ON OR AFTER JANUARY 1, 2008, A TAX UPON THE
17 GROSS INCOME ATTRIBUTABLE TO THE SALE OF OIL AND GAS SEVERED FROM THE EARTH IN
18 THIS STATE. THE TAX FOR OIL AND GAS SHALL BE AT THE FOLLOWING RATES OF THE GROSS
19 INCOME:

20 \$0 AND UNDER \$300,000 SHALL BE ZERO PERCENT (0%); AND
21 \$300,000 AND OVER SHALL BE NO LESS THAN EIGHT PERCENT (8%).

22 (3) THERE SHALL NOT BE ALLOWED AS A CREDIT AGAINST THE TAX CREATED BY THIS
23 SECTION ANY AMOUNT BASED ON AD VALOREM TAXES ASSESSED ON THE VALUE OF REAL
24 OR PERSONAL PROPERTY.

25 (4) ALL REVENUES RECEIVED BY OPERATION OF THIS SECTION SHALL BE EXCLUDED
26 FROM FISCAL YEAR SPENDING, AS THAT TERM IS DEFINED IN SECTION 20 OF ARTICLE X OF
27 THIS CONSTITUTION, AND FROM THE SPENDING LIMITS CONTAINED WITHIN SECTION 20 OF
28 ARTICLE X, OR WITHIN ANY OTHER LAW, UPON STATE GOVERNMENT AND ALL LOCAL
29 GOVERNMENTS RECEIVING SUCH REVENUES.

30 (5) THE REVENUES GENERATED BY OPERATION OF THIS SECTION 22 SHALL BE
31 APPROPRIATED ANNUALLY IN THE FOLLOWING PROPORTIONS:

32 (a) TWENTY-THREE PERCENT (23%) OF SUCH REVENUES SHALL BE APPROPRIATED TO
33 THE CAPITAL CONSTRUCTION EXPENDITURES RESERVE ESTABLISHED IN ARTICLE 54 OF
34 TITLE 22 OF THE COLORADO REVISED STATUTES, OR ANY SUCCESSOR ACT, FOR THE
35 PURPOSES SET FORTH THEREIN.

36 (b) FIFTEEN PERCENT (15%) OF SUCH REVENUES SHALL BE APPROPRIATED TO THE
37 STATE EDUCATION FUND CREATED PURSUANT TO ARTICLE IX, SECTION 17 OF THIS
38 CONSTITUTION.

39 (c) FIFTEEN PERCENT (15%) OF SUCH REVENUES SHALL BE APPROPRIATED TO THE
40 CAPITAL CONSTRUCTION FUND CREATED PURSUANT TO ARTICLE 75 OF TITLE 24 OF THE
41 COLORADO REVISED STATUTES, OR ANY SUCCESSOR ACT.

1 (d) TWENTY-THREE PERCENT (23%) OF SUCH REVENUES SHALL BE APPROPRIATED AND
2 DISTRIBUTED DIRECTLY TO ENERGY-IMPACTED COMMUNITIES IN COUNTIES AND
3 MUNICIPALITIES SOCIALLY OR ECONOMICALLY IMPACTED BY THE DEVELOPMENT,
4 PROCESSING, TRANSPORTATION OR ENERGY CONVERSION OF THE NONRENEWABLE
5 NATURAL RESOURCES OF OIL AND GAS.

6 (e) TWENTY-FOUR PERCENT (24%) OF SUCH REVENUES SHALL BE APPROPRIATED AND
7 DISTRIBUTED AS MAY BE DETERMINED BY THE GENERAL ASSEMBLY.

8 (6) SECTION 105 OF ARTICLE 29 OF TITLE OF 39 OF THE COLORADO REVISED STATUTES
9 IS HEREBY REPEALED.

10 (7) THE GENERAL ASSEMBLY MAY ENACT AN EXEMPTION FOR OIL AND GAS WELLS OF
11 MINIMAL PRODUCTION LEVELS.

12 (8) THE GENERAL ASSEMBLY IS DIRECTED TO MAKE SUCH CONFORMING AMENDMENTS
13 AND ADDITIONAL ENACTMENTS TO THE COLORADO REVISED STATUTES AS MAY BE
14 NECESSARY AND APPROPRIATE TO REALIZE THE PURPOSES OF THIS SECTION.

15 (9) THIS SECTION IS EFFECTIVE JANUARY 1, 2008.