

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

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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 FIVE PERCENT (5%).

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-FIVE PERCENT (25%) OF SUCH REVENUES SHALL BE APPROPRIATED  
33 AND DISTRIBUTED DIRECTLY TO ENERGY-IMPACTED COMMUNITIES IN COUNTIES  
34 AND MUNICIPALITIES SOCIALLY OR ECONOMICALLY IMPACTED BY THE  
35 DEVELOPMENT, PROCESSING, TRANSPORTATION OR ENERGY CONVERSION OF  
36 THE NONRENEWABLE NATURAL RESOURCES OF OIL AND GAS.

37 (b) ALL REVENUE CREATED BY THIS SECTION 22 EXCEPT FOR SUBPARAGRAPH (5)  
38 (a) SHALL BE APPROPRIATED AS MAY BE DETERMINED BY THE GENERAL  
39 ASSEMBLY.

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41 IS HEREBY REPEALED.

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

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

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