

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

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3 **SECTION 1.** 39-29-101 (3), Colorado Revised Statutes, is amended to read:

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5 **39-29-101. Legislative declaration.** (3) It additionally is the intent of the general
6 assembly that a portion of the revenues derived from such a severance tax be used by the
7 state for public purposes, that a portion be held by the state in a perpetual trust fund, ~~and~~
8 that a portion be made available to local governments to offset the impact created by
9 nonrenewable resource development, THAT A PORTION BE MADE AVAILABLE TO PROMOTE
10 THE DEVELOPMENT OF RENEWABLE ENERGY SOURCES AND ENERGY CONSERVATION
11 PROGRAMS, AND THAT A PORTION BE MADE AVAILABLE TO PROMOTE THE ACQUISITION AND
12 PRESERVATION OF LAND AND WATER RESOURCES TO PROTECT WILDLIFE HABITAT AND FOR
13 OTHER PUBLIC PURPOSES.

14
15 **SECTION 2.** 39-29-105, Colorado Revised Statutes, is amended to read:

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17 **39-29-105. Tax on severance of oil and gas.** (1) (a) In addition to any other tax, there
18 shall be levied, collected, and paid for each taxable year commencing prior to ~~January 1,~~
19 ~~2000~~ JANUARY 1, 2009, a tax upon the gross income ~~of crude oil, natural gas, carbon~~
20 ~~dioxide, and~~ ATTRIBUTABLE TO THE SALE OF oil and gas severed from the earth in this
21 state; ~~except that oil produced from any wells that produce ten barrels per day or less of~~
22 ~~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:

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

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33 (b) In addition to any other tax, there shall be levied, collected, and paid for each taxable
34 year commencing on or after ~~January 1, 2000~~ JANUARY 1, 2009, a tax upon the gross
35 income attributable to the sale of oil and gas severed from the earth in this state; ~~except~~
36 ~~that oil produced from any wells that produce fifteen barrels per day or less of oil and gas~~
37 ~~produced from wells that produce ninety thousand cubic feet or less of gas per day for the~~
38 ~~average of all producing days for such oil or gas production during the taxable year shall~~
39 ~~be exempt from the tax.~~ Nothing in this paragraph (b) shall exempt a producer of oil and
40 gas from submitting a production employee report as required by section 39-29-110 (1)
41 (d) (I). The tax for oil and gas shall be at the following rates of the gross income:

42

43	Under \$25,000	2%
44	\$25,000 and under \$100,000	3%
45	\$100,000 and under \$300,000	4%
46	\$300,000 and over	5%

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2 **39-29-105. Tax on severance of oil and gas.** (2) ~~(a) With respect to crude oil, natural~~
3 ~~gas, carbon dioxide, and oil and gas, there shall be allowed, as a credit against the tax~~
4 ~~computed in accordance with the provisions of paragraph (a) of subsection (1) of this~~
5 ~~section for each taxable year commencing prior to January 1, 2000~~ JANUARY 1, 2009, an
6 amount equal to eighty-seven and one-half percent of all ad valorem taxes assessed
7 during the taxable year in the case of accrual basis taxpayers or paid during the taxable
8 year in the case of cash basis taxpayers upon ~~crude oil, natural gas, carbon dioxide, and~~
9 ~~oil and gas leaseholds and leasehold interests and oil and gas royalties and royalty~~
10 ~~interests for state, county, municipal, school district, and special district purposes, except~~
11 ~~such ad valorem taxes assessed or paid for such purposes upon equipment and facilities~~
12 ~~used in the drilling for, production of, storage of, and pipeline transportation of OIL AND~~
13 ~~GAS~~ ~~crude oil, natural gas, and carbon dioxide.~~ However, no credit shall be allowed for ad
14 valorem taxes paid or assessed on OIL AND GAS PRODUCTION THAT IS EXEMPT FROM THE
15 STATE SEVERANCE TAX PURSUANT TO SUBSECTION (1) OF THIS SECTION. ~~wells that produce~~
16 ~~ten barrels per day or less of crude oil for the average of all producing days during the~~
17 ~~taxable year.~~

18
19 ~~(b) With respect to oil and gas, there shall be allowed, as a credit against the tax~~
20 ~~computed in accordance with the provisions of paragraph (b) of subsection (1) of this~~
21 ~~section for each taxable year commencing on or after January 1, 2000, an amount equal~~
22 ~~to eighty-seven and one-half percent of all ad valorem taxes assessed during the taxable~~
23 ~~year in the case of accrual basis taxpayers or paid during the taxable year in the case of~~
24 ~~cash basis taxpayers upon oil and gas leaseholds and leasehold interests and oil and gas~~
25 ~~royalties and royalty interests for state, county, municipal, school district, and special~~
26 ~~district purposes, except such ad valorem taxes assessed or paid for such purposes upon~~
27 ~~equipment and facilities used in the drilling for, production of, storage of, and pipeline~~
28 ~~transportation of oil and gas. However, no credit shall be allowed for ad valorem taxes~~
29 ~~paid or assessed on oil and gas production that is exempt from the state severance tax~~
30 ~~pursuant to subsection (1) of this section.~~

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32 **39-29-105. Tax on severance of oil and gas.** (3) THE PROCEEDS OF THIS TAX AND
33 INVESTMENT INCOME RECEIVED IN ACCORDANCE WITH THE PROVISIONS OF PARAGRAPH (b)
34 OF SUBSECTION (1) OF THIS SECTION THEREON SHALL BE COLLECTED AND SPENT BY THE
35 STATE AS A VOTER-APPROVED REVENUE CHANGE WITHOUT REGARD TO ANY SPENDING
36 LIMITATION CONTAINED WITHIN SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION,
37 OR ANY OTHER LAW, AND WITHOUT LIMITING IN ANY YEAR THE AMOUNT OF OTHER
38 REVENUE THAT MAY BE COLLECTED AND SPENT BY THE STATE OR ANY DISTRICT.

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40 **SECTION 3.** 39-29-108 (2), Colorado Revised Statutes, is amended to read:

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42 **39-29-108. Allocation of severance tax revenues.** (2) (a) Of the total gross receipts
43 realized from the severance taxes imposed on minerals and mineral fuels under the
44 provisions of this article EXCEPTING THOSE REVENUES LEVIED, COLLECTED, AND PAID BY
45 OPERATION OF 39-29-105 (1) (b) ON AND after ~~June 30, 1984~~ JANUARY 1, 2009, fifty
46 percent shall be credited to the state severance tax trust fund created by section 39-29-

1 109, and fifty percent shall be credited to the local government severance tax fund
2 created by section 39-29-110.

3 (b) OF THE REVENUES RECEIVED BY OPERATION OF 39-29-105 (1) (b):

4 (I) TWENTY-FIVE PERCENT OF SUCH REVENUES SHALL BE APPROPRIATED AND DISTRIBUTED
5 FOR DEVELOPMENT AND CONSERVATION OF THE STATE'S WATER RESOURCES AND FOR USE
6 IN FUNDING PROGRAMS THAT PROMOTE AND ENCOURAGE SOUND NATURAL RESOURCE
7 PLANNING, MANAGEMENT, AND DEVELOPMENT, INCLUDING PLANNING, MANAGEMENT AND
8 DEVELOPMENT OF NATURAL RESOURCE RENEWABLE ENERGY SOURCES, AND DEVELOPMENT
9 RELATED TO MINERALS, ENERGY, GEOLOGY, AND WATER. SUCH REVENUES SHALL BE
10 APPROPRIATED THROUGH THE STATE SEVERANCE TAX TRUST FUND PURSUANT TO SECTION
11 39-29-109;

12 (II) TWENTY-FIVE PERCENT OF SUCH REVENUES SHALL BE APPROPRIATED AND
13 DISTRIBUTED TO COUNTIES OR MUNICIPALITIES OF THE STATE THROUGH THE LOCAL
14 GOVERNMENT SEVERANCE TAX TRUST FUND PURSUANT TO SECTION 39-29-110 (1) (C.5);

15 (III) TWENTY PERCENT OF SUCH REVENUES SHALL BE APPROPRIATED TO FUND RENEWABLE
16 ENERGY PROJECTS AND TAX CREDITS, INCENTIVES FOR RENEWABLE ENERGY COMPANIES TO
17 RELOCATE TO COLORADO, AND A REVOLVING LOAN FUND FOR LARGE PROJECTS AND
18 COMMUNITY BASED PROJECTS. SUCH REVENUES SHALL BE APPROPRIATED THROUGH THE
19 CLEAN ENERGY FUND PURSUANT TO ARTICLE 75 OF TITLE 24;

20 (IV) TWENTY PERCENT OF SUCH REVENUES SHALL BE APPROPRIATED TO THE LAND
21 CONSERVATION FUND ESTABLISHED IN SECTION 39-29-108.5 FOR THE PURPOSES SET FORTH
22 THEREIN; AND

23 (V) TEN PERCENT SHALL BE APPROPRIATED AND DISTRIBUTED TO COUNTIES OR
24 MUNICIPALITIES OF THE STATE SOCIALLY OR ECONOMICALLY IMPACTED BY THE
25 DEVELOPMENT, PROCESSING, OR ENERGY CONVERSION OF OIL AND GAS SUBJECT TO
26 TAXATION UNDER THIS ARTICLE. SUCH REVENUES SHALL BE APPROPRIATED THROUGH THE
27 LOCAL GOVERNMENT SEVERANCE TAX FUND PURSUANT TO SECTION 39-29-110 (1) (b) (I).

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29 **SECTION 4.** 39-29-110, Colorado Revised Statutes, is amended to read:

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31 **39-29-110. Local government severance tax fund – creation – administration –**
32 **energy impact assistance advisory committee created.** (1) (c.5) EXCEPT AS SPECIFIED
33 IN SUBSECTION (5), for any state fiscal year commencing on or after July 1, 2007, state
34 severance tax receipts credited to the local government severance tax fund shall be
35 distributed as follow:

36 (I) Seventy percent of the receipts and income shall be distributed to political
37 subdivisions in the manner specified in paragraph (b) of this subsection (1); and

38 (II) Thirty percent of the receipts and income shall be distributed or loaned to counties or
39 municipalities in the manner specified in paragraph (c) of this subsection (1).

40 (5) ONE HUNDRED PERCENT OF THE REVENUES RECEIVED BY OPERATION OF SECTION 39-29-
41 108 (2) (b) (V) SHALL BE DISTRIBUTED TO COUNTIES AND MUNICIPALITIES OF THE STATE IN
42 THE MANNER SPECIFIED IN THAT SUBSECTION.

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SECTION 5. Article 29 of title 39, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

39-29-108.5. Land Conservation Fund. (1) THERE IS HEREBY CREATED THE LAND CONSERVATION FUND, TO BE ADMINISTERED AND OVERSEEN BY THE STATE BOARD OF THE GREAT OUTDOORS COLORADO TRUST FUND CREATED BY SECTION 6 OF ARTICLE XXVII OF THE STATE CONSTITUTION. REVENUES DEPOSITED IN THE LAND CONSERVATION FUND SHALL BE USED FOR THE EXCLUSIVE PURPOSE OF MAKING COMPETITIVE GRANTS TO COUNTIES, MUNICIPALITIES, OTHER POLITICAL SUBDIVISIONS OF THE STATE, THE COLORADO DIVISION OF WILDLIFE, COLORADO STATE PARKS, AND NONPROFIT LAND CONSERVATION ORGANIZATIONS FOR ACQUISITION OF LAND OR INTERESTS IN LAND AND, TO THE EXTENT ACQUIRED WITH SUCH FUNDS TO ASSIST WITH STEWARDSHIP OF LAND OR INTERESTS IN LAND, THAT WILL PRESERVE NATIVE WILDLIFE HABITAT, RIVER CORRIDORS, WORKING FARMS OR RANCHES, URBAN PARKS AND OPEN LANDS, AND OPEN SPACE AND NATURAL AREAS OF STATEWIDE SIGNIFICANCE.

(2) THE LAND CONSERVATION FUND SHALL NOT BE SUBJECT TO THE SUBSTANTIAL EQUALITY RESTRICTION OF SECTION 5(1)(a) OF ARTICLE XXVII OR THE LIMITATIONS OF SECTION 3(1)(b)(III) OF ARTICLE XXVII OF THE STATE CONSTITUTION.

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