First Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 13-0755.01 Jason Gelender x4330 **SENATE BILL 13-135**

SENATE SPONSORSHIP

Lundberg, Lambert, Marble, Harvey, Scheffel

HOUSE SPONSORSHIP

(None),

Senate Committees
State, Veterans, & Military Affairs

House Committees

A BILL FOR AN ACT

CONCERNING THE ALLOCATION OF STATE SEVERANCE TAX GROSS RECEIPTS.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://www.leg.state.co.us/billsummaries.)

Current law requires state severance tax gross receipts (gross receipts) to be distributed as follows:

- On July 1 of each year through 2016, the first $1.5 million of gross receipts must be credited to the innovative energy fund.

- All remaining gross receipts in any fiscal year must be credited in equal shares to the severance tax trust fund and the local government severance tax fund.

For fiscal years commencing on or after July 1, 2014, the bill requires state severance tax gross receipts (gross receipts) to be distributed as follows:

- On July 1, 2014, and on each July 1 thereafter through July 1, 2016, the first $1.5 million of gross receipts must be credited to the innovative energy fund as is the case under current law.
- The lesser of all remaining gross receipts or the next $100 million of gross receipts in any fiscal year plus 50% of any additional gross receipts must be credited in equal shares to the severance tax trust fund and the local government severance tax fund as is the case under current law.
- The other 50% of any additional gross receipts must be distributed as follows:
    - The lesser of all of the gross receipts or the amount of gross receipts needed to ensure that a total of $60 million of gross receipts are credited to the perpetual base account of the severance tax trust fund must be credited to that account.
    - Any remaining gross receipts must be credited in equal shares to a newly created state rainy day fund, a newly created property tax relief fund, and the highway users tax fund.

The bill authorizes the general assembly to appropriate or transfer moneys from the state rainy day fund for any purpose by enacting a bill approved by two-thirds of the members of the senate and house of representatives and may appropriate moneys from the property tax relief fund for the purpose of property tax relief. Gross receipts credited to the highway users tax fund are allocated to the state, counties, and municipalities in accordance with an existing allocation formula for use as specified by current law.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, 39-29-108, **amend** (2) as follows:

39-29-108. Allocation of severance tax revenues - definitions - repeal. (2) ~~(a) (I) Of the total gross receipts realized from the severance~~

~~taxes imposed on minerals and mineral fuels under the provisions of this article after June 30, 2012, one million five hundred thousand dollars shall be annually transferred on July 1, 2012, and each July 1 thereafter through July 1, 2016, to the innovative energy fund created in section 24-38.5-102.5, C.R.S. Of the remainder of the total gross receipts in each fiscal year after each July 1 transfer to the innovative energy fund, fifty percent shall be credited to the state severance tax trust fund created by section 39-29-109, and fifty percent shall be credited to the local government severance tax fund created by section 39-29-110.~~

~~(II) This paragraph (a) is repealed, effective January 1, 2017.~~

~~(b) Of the total gross receipts realized from the severance taxes imposed on minerals and mineral fuels under the provisions of this article after June 30, 2017, fifty percent shall be credited to the state severance tax trust fund created by section 39-29-109, and fifty percent shall be credited to the local government severance tax fund created by section 39-29-110.~~ ON AND AFTER JULY 1, 2014, THE TOTAL GROSS RECEIPTS REALIZED FROM THE SEVERANCE TAXES IMPOSED ON MINERALS AND MINERAL FUELS UNDER THE PROVISIONS OF THIS ARTICLE ARE ALLOCATED AS FOLLOWS:

(a) (I) ON JULY 1, 2014, AND ON EACH JULY 1 THEREAFTER THROUGH JULY 1, 2016, THE FIRST ONE MILLION FIVE HUNDRED THOUSAND DOLLARS OF THE GROSS RECEIPTS SHALL BE CREDITED TO THE INNOVATIVE ENERGY FUND CREATED IN SECTION 24-38.5-102.5, C.R.S.

(II) THIS PARAGRAPH (a) IS REPEALED, EFFECTIVE JANUARY 1, 2017.

(b) FOR ANY FISCAL YEAR COMMENCING ON OR AFTER JULY 1, 2014, AFTER GROSS RECEIPTS ARE CREDITED AS REQUIRED BY PARAGRAPH

(a) OF THIS SUBSECTION (2), THE LESSER OF THE NEXT ONE HUNDRED MILLION DOLLARS OF GROSS RECEIPTS IN THE FISCAL YEAR OR ALL OF SUCH GROSS RECEIPTS SHALL BE CREDITED IN EQUAL SHARES TO THE SEVERANCE TAX TRUST FUND CREATED IN SECTION 39-29-109 AND THE LOCAL GOVERNMENT SEVERANCE TAX FUND CREATED IN SECTION 39-29-110.

(c) FOR ANY FISCAL YEAR COMMENCING ON OR AFTER JULY 1, 2014, AFTER GROSS RECEIPTS ARE CREDITED AS REQUIRED BY PARAGRAPH (b) OF THIS SUBSECTION (2):

(I) FIFTY PERCENT OF ANY REMAINING GROSS RECEIPTS IN THE FISCAL YEAR SHALL BE CREDITED IN EQUAL SHARES TO THE SEVERANCE TAX TRUST FUND CREATED IN SECTION 39-29-109 AND THE LOCAL GOVERNMENT SEVERANCE TAX FUND CREATED IN SECTION 39-29-110.

(II) THE OTHER FIFTY PERCENT OF ANY REMAINING GROSS RECEIPTS IN THE FISCAL YEAR SHALL BE CREDITED AS FOLLOWS:

(A) THE LESSER OF ALL OF THE GROSS RECEIPTS OR THE AMOUNT OF GROSS RECEIPTS NEEDED TO ENSURE THAT A TOTAL OF SIXTY MILLION DOLLARS OF GROSS RECEIPTS ARE CREDITED TO THE PERPETUAL BASE ACCOUNT OF THE SEVERANCE TAX TRUST FUND DESCRIBED IN SECTION 39-29-109 (2) (a) SHALL BE CREDITED TO SAID ACCOUNT.

(B) AFTER GROSS RECEIPTS ARE CREDITED AS REQUIRED BY SUB-SUBPARAGRAPH (A) OF THIS SUBPARAGRAPH (I), ANY REMAINING GROSS RECEIPTS SHALL BE CREDITED IN EQUAL SHARES TO THE STATE RAINY DAY FUND CREATED IN SECTION 24-75-1401, C.R.S., THE PROPERTY TAX RELIEF CASH FUND CREATED IN SECTION 39-3-119.5 (3), AND THE HIGHWAY USERS TAX FUND CREATED IN SECTION 43-4-201 (1), C.R.S.

SECTION 2. In Colorado Revised Statutes, **add** part 14 to article 75 of title 24 as follows:

PART 14

STATE RAINY DAY FUND

24-75-1401. State rainy day fund - creation - moneys credited to fund - use of fund. THE STATE RAINY DAY FUND IS CREATED IN THE STATE TREASURY. THE PRINCIPAL OF THE FUND CONSISTS OF GROSS RECEIPTS REALIZED FROM THE SEVERANCE TAXES IMPOSED ON MINERALS AND MINERAL FUELS UNDER THE PROVISIONS OF ARTICLE 29 OF TITLE 39, C.R.S., THAT ARE CREDITED TO THE FUND PURSUANT TO SECTION 39-29-108 (2) (c) (II) (B), C.R.S., AND ANY OTHER MONEYS THAT THE GENERAL ASSEMBLY MAY APPROPRIATE OR TRANSFER TO THE FUND. THE STATE TREASURER SHALL CREDIT ALL INTEREST AND INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEYS IN THE FUND TO THE FUND. UNEXPENDED AND UNENCUMBERED MONEYS IN THE FUND REMAIN IN THE FUND AND DO NOT REVERT TO THE GENERAL FUND OR ANY OTHER FUND AT THE END OF ANY FISCAL YEAR. THE GENERAL ASSEMBLY MAY APPROPRIATE OR TRANSFER MONEYS FROM THE FUND FOR ANY PURPOSE BY ENACTING A BILL APPROVED BY TWO-THIRDS OF THE MEMBERS OF THE SENATE AND OF THE HOUSE OF REPRESENTATIVES.

SECTION 3. In Colorado Revised Statutes, 39-3-119.5, **add** (3) as follows:

39-3-119.5. Personal property - exemption - property tax relief cash fund - creation - moneys credited to fund - use of fund - definitions. (3) THE PROPERTY TAX RELIEF CASH FUND IS CREATED IN THE STATE TREASURY. THE STATE TREASURER SHALL CREDIT ALL INTEREST AND INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEYS IN THE FUND TO THE FUND. THE PRINCIPAL OF THE FUND CONSISTS OF GROSS RECEIPTS REALIZED FROM THE SEVERANCE TAXES IMPOSED ON

MINERALS AND MINERAL FUELS UNDER THE PROVISIONS OF ARTICLE 29 OF THIS TITLE THAT ARE CREDITED TO THE FUND PURSUANT TO SECTION 39-29-108 (2) (c) (II) (B). UNEXPENDED AND UNENCUMBERED MONEYS IN THE FUND REMAIN IN THE FUND AND DO NOT REVERT TO THE GENERAL FUND OR ANY OTHER FUND AT THE END OF ANY FISCAL YEAR. THE GENERAL ASSEMBLY MAY APPROPRIATE MONEYS FROM THE FUND FOR THE PURPOSE OF PROPERTY TAX RELIEF.

SECTION 4. In Colorado Revised Statutes, 43-4-205, **amend** (6.3) as follows:

43-4-205. Allocation of fund. (6.3) GROSS RECEIPTS REALIZED FROM THE SEVERANCE TAXES IMPOSED ON MINERALS AND MINERAL FUELS UNDER THE PROVISIONS OF ARTICLE 29 OF TITLE 39, C.R.S., THAT ARE CREDITED TO THE HIGHWAY USERS TAX FUND PURSUANT TO SECTION 39-29-108 (2) (c) (II) (B), C.R.S., AND revenues from the surcharges, fees, and fines THAT ARE credited to the highway users tax fund pursuant to section 43-4-804 (1) shall be allocated and expended in accordance with the formula specified in paragraph (b) of subsection (6) of this section.

SECTION 5. Act subject to petition - effective date. This act takes effect July 1, 2014; except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within the ninety-day period after final adjournment of the general assembly, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2014 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.