

SUPREME COURT, STATE OF COLORADO

2 East 14th Avenue
Denver, CO 80203

ORIGINAL PROCEEDING PURSUANT TO § 1-40-107(2), C.R.S. (2006) Appeal from Ballot Title Board

IN THE MATTER OF THE TITLE, BALLOT
TITLE AND SUBMISSION CLAUSE FOR 2007-
2008 #13

J. GREG SCHNACKE,

Petitioner,

v.

MEGAN FERLAND AND MATT SAMELSON,
PROONENTS

AND

WILLIAM A. HOBBS, DANIEL DOMENICO
AND SHARON EUBANKS
TITLE BOARD,

Respondents.

JOHN W. SUTHERS, Attorney General
MAURICE G. KNAIZER, Deputy Attorney
General*

1525 Sherman Street, 7th Floor

Denver, CO 80203

(303) 866-5380

Registration Number: 05264

*Counsel of Record

FILED IN THE
SUPREME COURT
JUN 13 2007
OF THE STATE OF COLORADO
SUSAN J. FESTAG, CLERK

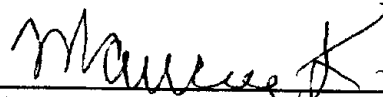
▲ COURT USE ONLY ▲

Case No.: 07SA154

NOTICE OF FILING OF ADMINISTRATIVE RECORD

The Title Board hereby files the administrative record of the Title Board for
Initiative 2007-2008 #13.

JOHN W. SUTHERS
Attorney General



MAURICE G. KNAIZER, 05264*

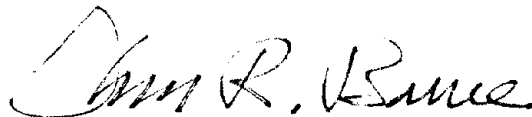
Deputy Attorney General
Public Officials
State Services Section
Attorneys for Title Board
*Counsel of Record

CERTIFICATE OF SERVICE

This is to certify that on the 12th day of June, 2007, I served a true and complete copy of the foregoing *Notice of Filing of Administrative Record* by overnight courier (DHL Express) to each of the following:

Sean R. Gallagher, Esq.
Jacquiline S. Cooper, Esq.
Hogan & Hartson LLP
1200 17th Street, Suite 1500
Denver, CO 80202

Edward Ramey, Esq.
Isaacson Rosenbaum PC
633 17th Street, Suite 2200
Denver, CO 80202



THOMAS R. BOVEE
Legal Assistant
State Services Section



STATE OF COLORADO

DEPARTMENT OF
STATE

CERTIFICATE

I, **MIKE COFFMAN**, Secretary of State of the State of Colorado, do hereby certify that:

the attached are true and exact copies of the official file thereon of the Title Board on Proposed Initiative "2007-2008 #13".....

..... **IN TESTIMONY WHEREOF** I have unto set my hand
and affixed the Great Seal of the State of Colorado, at the
City of Denver this 12th day of June, 2007.

A handwritten signature in black ink, reading "Mike Coffman", is written over a horizontal line.

SECRETARY OF STATE

Cesiah Gomez

From: McKune, Donna J. [DJMcKune@HHLAW.com]
Sent: Thursday, May 17, 2007 11:35 AM
To: Cesiah Gomez
Subject: Certified Copies of Proposed Initiative 13 & 14

Cesiah -

I am requesting a certified copy of Proposed Initiative 13 and Proposed Initiative 14.

Please let me know when they are available and I will send a courier to pick them up. I can be reached by responding to this e-mail or by phone at 303.899.7322.

Thank you in advance for your assistance.

D J

D J MCKUNE, ASSISTANT
HOGAN & HARTSON LLP
One Tabor Center, Suite 1500, 1200 Seventeenth Street, Denver, CO 80202
direct +1.303.899.7322 | tel +1.303.899.7300 | fax +1.303.899.7333
djmckune@hhlaw.com | <http://www.hhlaw.com>

This electronic message transmission contains information from this law firm which m
If you have received this electronic transmission in error, please notify us by tele

5/17/2007



SUMMARY OF BOARD ACTION

Initiative Title Setting Review Board

Wednesday, May 16, 2007

Secretary of State's Blue Spruce Conference Room

1700 Broadway, Suite 270

Denver, Colorado

The order for the day was:

1. 2007 -2008 #24 - "Higher Education Funding Fee on New Construction"*
Commenced 9:03 a.m.; single subject approved; staff draft amended; titles set; adjourned 9:44 a.m.
2. 2007 -2008 #13 - "Imposition and Distribution of Severance Tax on Oil and Gas"* - Rehearing
Commenced 9:45 a.m.; Motion for Rehearing denied; adjourned 10:13 a.m.
3. 2007 -2008 #14 - "Imposition and Distribution of Severance Tax on Oil and Gas"* - Rehearing
Commenced 9:45 a.m.; Motion for Rehearing granted in part to the extent Board amended titles; denied in all other respects; adjourned 10:13 a.m.
4. 2007 -2008 #22 - "Imposition and Distribution of Severance Tax on Oil and Gas"*
Commenced 10:13 a.m.; title setting denied - lack of single subject; adjourned 10:57 a.m.
5. 2007 -2008 #21 - "Amendment 41 Modifications/Lobbyist Tax"*
Commenced 1:30 p.m.; single subject approved; staff draft amended; titles set; adjourned 4:46 p.m.
6. 2007 -2008 #25 - "Operation and Distribution of Money From Colorado Lottery"*
Measure withdrawn by proponents prior to meeting.
7. 2007 -2008 #26 - "Operation of and Distribution of Money From Colorado Lottery"*
Measure withdrawn by proponents prior to meeting.
8. 2007 -2008 #27 - "Operation and Distribution of Money From Colorado Lottery"*
Measure withdrawn by proponents prior to meeting.
9. 2007 -2008 #28 - "Operation and Distribution of Money From Colorado Lottery"*
Measure withdrawn by proponents prior to meeting.

ALL AGENDA ITEMS WERE COMPLETED.

* Unofficial caption assigned by legislative staff for tracking purposes. Such caption is not part of the titles set by the Board.

Ballot Title Setting Board

Proposed Initiative 2007-2008 #13¹

The title as designated and fixed by the Board is as follows:

State taxes shall be increased \$244.6 million annually by an amendment to the Colorado constitution concerning the severance tax on the sale of oil and gas extracted in the state, and, in connection therewith, effective January 1, 2008, replacing the existing severance tax with a new severance tax of five percent of the gross income from the sale of oil and gas extracted in the state; permitting the general assembly to increase the rate of the new severance tax without future voter approval; exempting taxpayers with less than \$300,000 of gross income from the tax; permitting the general assembly to enact an exemption for minimal producing oil and gas wells; prohibiting a credit against the tax for property taxes paid; exempting revenues from the tax from state and local government spending limits; requiring 25% of the tax revenues to be distributed to counties and municipalities impacted by the development, processing, transportation, or energy conversion of oil and gas; and allowing the remainder of the tax revenues to be appropriated as determined by the general assembly.

The ballot title and submission clause as designated and fixed by the Board is as follows:

Shall state taxes be increased \$244.6 million annually by an amendment to the Colorado constitution concerning the severance tax on the sale of oil and gas extracted in the state, and, in connection therewith, effective January 1, 2008, replacing the existing severance tax with a new severance tax of five percent of the gross income from the sale of oil and gas extracted in the state; permitting the general assembly to increase the rate of the new severance tax without future voter approval; exempting taxpayers with less than \$300,000 of gross income from the tax; permitting the general assembly to enact an exemption for minimal producing oil and gas wells; prohibiting a credit against the tax for property taxes paid; exempting revenues from the tax from state and local government spending limits; requiring 25% of the tax revenues to be distributed to counties and municipalities impacted by the development, processing, transportation, or energy conversion of oil and gas; and allowing the remainder of the tax revenues to be appropriated as determined by the general assembly?

Hearing May 2, 2007:

Single subject approved; staff draft amended; titles set.

Hearing adjourned 5:10 p.m.

Hearing May 16, 2007:

Motion for Rehearing denied.

Hearing adjourned 10:13 a.m.

¹ Unofficially captioned "Imposition and Distribution of Severance Tax on Oil and Gas" by legislative staff for tracking purposes. Such caption is not part of the titles set by the Board.



AGENDA

Initiative Title Setting Review Board
Wednesday, May 16, 2007
Secretary of State's Blue Spruce Conference Room
1700 Broadway, Suite 270
Denver, Colorado

The order for the day shall be as follows:

9:00 a.m.

- 1. 2007 -2008 #24 - "Higher Education Funding Fee on New Construction"***
- 2. 2007 -2008 #13 - "Imposition and Distribution of Severance Tax on Oil and Gas"* - Rehearing**
- 3. 2007 -2008 #14 - "Imposition and Distribution of Severance Tax on Oil and Gas"* - Rehearing**
- 4. 2007 -2008 #22 - "Imposition and Distribution of Severance Tax on Oil and Gas"***

1:30 p.m.

- 5. 2007 -2008 #21 - "Amendment 41 Modifications/Lobbyist Tax"***
- 6. 2007 -2008 #25 - "Operation and Distribution of Money From Colorado Lottery"***
- 7. 2007 -2008 #26 - "Operation of and Distribution of Money From Colorado Lottery"***
- 8. 2007 -2008 #27 - "Operation of and Distribution of Money From Colorado Lottery"***
- 9. 2007 -2008 #28 - "Operation of and Distribution of Money From Colorado Lottery"***

AUDIO BROADCASTS NOW AVAILABLE. PLEASE VISIT WWW.SOS.STATE.CO.US AND CLICK ON THE "INFORMATION CENTER".

AGENDA ITEMS NOT COMPLETED AT THE END OF THE DAY WILL BE CONTINUED TO A DATE, TIME, AND PLACE TO BE DETERMINED ON WEDNESDAY, MAY 16, 2007

*** Unofficial caption assigned by legislative staff for tracking purposes. Such caption is not part of the titles set by the Board.**

STATE OF COLORADO
Department of State
1700 Broadway
Suite 270
Denver, CO 80290



Mike Coffman
Secretary of State

Holly Z. Lowder
Director, Elections Division

May 8, 2007

NOTICE OF REHEARING MEETING

You are hereby notified that the Secretary of State,
Attorney General, and the Director of the Office of Legislative

Legal Services will meet for a rehearing
for a proposed initiative concerning

2005 - 2006 #13*

Wednesday, May 16, 2007 at 9:00 a.m.

Secretary of State's Blue Spruce Conference Room

1700 Broadway, Suite 270

Denver, Colorado

You are invited to attend.

A handwritten signature in black ink, appearing to read "Mike Coffman", enclosed in a large right-facing curly bracket.

MIKE COFFMAN
Secretary of State

AUDIO BROADCASTS NOW AVAILABLE. PLEASE VISIT WWW.SOS.STATE.CO.US AND CLICK ON THE "INFORMATION CENTER".

MOTION FOR REHEARING TEXT ALSO AVAILABLE ON OUR WEBSITE, LOCATED ON THE INITIATIVE INFORMATION PAGE UNDER "TITLE BOARD FILINGS".

* Unofficially captioned "Imposition and Distribution of Severance Tax on Oil and Gas" by legislative staff for tracking purposes. Such caption is not part of the titles set by the Board.

Main Number
TDD
Fax

(303) 894-2200
(303) 869-4867
(303) 869-4861

Web Site
E-mail - Elections

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sos.elections@sos.state.co.us

STATE OF COLORADO

Department of State

Civic Center Plaza
1560 Broadway, Suite 200
Denver, CO 80202-5169



Mike Coffman
Secretary of State

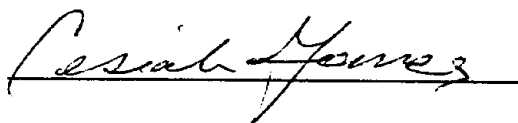
Holly Z. Lowder
Director, Elections Division

RECEIPT

To: Sean R. Gallagher
Date: May 8, 2007
Re: Proposed Initiative 2007-2008 #13
Time: 4:36 p.m.

The Secretary of State's office on this day received from Sean Gallagher, a Motion for Rehearing on Proposed Initiative 2007-2008 #13. Your copy of the rehearing notice is attached.

Secretary of State's Office

By 
Cesi Gomez, Administrative Assistant

RECEIVED

MAY 08 2007

ELECTIONS / LICENSING
SECRETARY OF STATE

gw
4:30

BALLOT TITLE BOARD
STATE OF COLORADO

MOTION FOR REHEARING

IN RE PROPOSED INITIATIVE 2007-2008 #13

J. Greg Schnacke ("Petitioner"), who is a registered elector of the State of Colorado, respectfully submits this Motion for Rehearing, pursuant to C.R.S. § 1-40-107(1). Petitioner moves for a rehearing of the title, ballot title, and summary for regarding Proposed Initiative 2007-2008 #13, which were set by the Title Board ("Board") on May 2, 2007, and state as follows:

1. The initiative violates the single subject requirement because it contains "at least two distinct and separate purposes which are not dependent upon or connected with each other"—creating a new tax and dedicating the revenues from that tax to certain programs. *In re Proposed Initiative on "Public Rights in Water II"*, 898 P.2d 1076, 1079 (Colo. 1995) ("*Water II*"); *see also* Colo. Const. art. V, § 21. There is no necessary or proper connection between these two purposes, even under the general theme of "tax revenue," and therefore the measure contains more than one subject in violation of Colo. Const. art. V, § 21. *See Water II*, 898 P.2d at 1081 (proposed initiative that adopted the public trust doctrine for the state's waters and imposed certain voting requirements for water conservation districts violated single subject rule even though both purposes related loosely to water).

2. The title fails to inform voters of the measure's true meaning and intent because it fails to disclose the final, full fiscal year dollar increase that will result from the new tax to be established in the Colorado constitution. *See* Colo. Const. art. X, § 20(3)(c).

Respectfully submitted this 8th day of May, 2007.

HOGAN & HARTSON LLP

A handwritten signature in black ink, appearing to be 'S. Gallagher', written over a horizontal line.

Sean R. Gallagher, #16863
Jacqueline S. Cooper, #35066
1200 Seventeenth St., Suite 1500
Denver, Colorado 80202
Telephone: 303-899-7300
Facsimile: 303-899-7333

ATTORNEYS FOR PETITIONERS

Petitioners' Addresses:

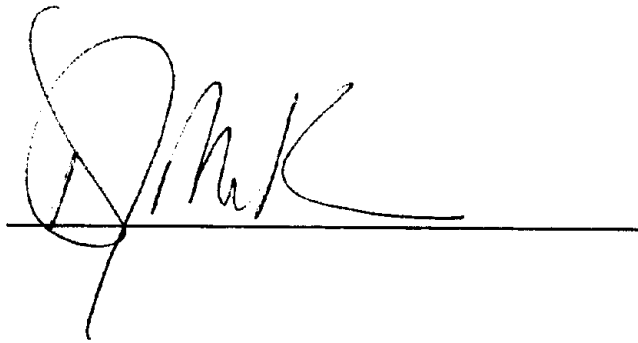
J. Greg Schnacke
1776 Lincoln Street, Suite 1313
Denver, Colorado 80203

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 8th day of May, 2007, a true and correct copy of the foregoing Motion For Rehearing was placed in the United States mail, postage prepaid, to the following:

Megan Ferland
1120 Lincoln Street
Denver, CO 80203

Matt Samelson
1159 Adams Street
Denver, CO 80210

A handwritten signature in black ink, appearing to read "MS", is written over a solid horizontal line. The signature is stylized and cursive.



SUMMARY OF BOARD ACTION

Initiative Title Setting Review Board

Wednesday, May 2, 2007, 2:00 p.m.

Secretary of State's Blue Spruce Conference Room

1700 Broadway, Suite 270

Denver, Colorado

The order for the day was:

1. **2007 –2008 #13 – “Imposition and Distribution of Severance Tax on Oil and Gas”***
*Commenced 2:02 p.m.; single subject approved; staff draft amended; titles set;
adjourned 5:10 p.m.*
2. **2007 –2008 #14 – “Imposition and Distribution of Severance Tax on Oil and Gas”***
*Commenced 2:02 p.m.; single subject approved; staff draft amended; titles set;
adjourned 5:06 p.m.*
3. **2007 –2008 #9 – “Higher Education Funding Fee on New Construction”***
Withdrawn by proponents on May 2, 2007 at 3:15 p.m.

ALL AGENDA ITEMS WERE COMPLETED.

*** Unofficial caption assigned by legislative staff for tracking purposes. Such caption is not part of the titles set by the Board.**

Ballot Title Setting Board

Proposed Initiative 2007-2008 #13¹

The title as designated and fixed by the Board is as follows:

State taxes shall be increased \$244.6 million annually by an amendment to the Colorado constitution concerning the severance tax on the sale of oil and gas extracted in the state, and, in connection therewith, effective January 1, 2008, replacing the existing severance tax with a new severance tax of five percent of the gross income from the sale of oil and gas extracted in the state; permitting the general assembly to increase the rate of the new severance tax without future voter approval; exempting taxpayers with less than \$300,000 of gross income from the tax; permitting the general assembly to enact an exemption for minimal producing oil and gas wells; prohibiting a credit against the tax for property taxes paid; exempting revenues from the tax from state and local government spending limits; requiring 25% of the tax revenues to be distributed to counties and municipalities impacted by the development, processing, transportation, or energy conversion of oil and gas; and allowing the remainder of the tax revenues to be appropriated as determined by the general assembly.

The ballot title and submission clause as designated and fixed by the Board is as follows:

Shall state taxes be increased \$244.6 million annually by an amendment to the Colorado constitution concerning the severance tax on the sale of oil and gas extracted in the state, and, in connection therewith, effective January 1, 2008, replacing the existing severance tax with a new severance tax of five percent of the gross income from the sale of oil and gas extracted in the state; permitting the general assembly to increase the rate of the new severance tax without future voter approval; exempting taxpayers with less than \$300,000 of gross income from the tax; permitting the general assembly to enact an exemption for minimal producing oil and gas wells; prohibiting a credit against the tax for property taxes paid; exempting revenues from the tax from state and local government spending limits; requiring 25% of the tax revenues to be distributed to counties and municipalities impacted by the development, processing, transportation, or energy conversion of oil and gas; and allowing the remainder of the tax revenues to be appropriated as determined by the general assembly?

Hearing May 2, 2007:

Single subject approved; staff draft amended; titles set.

Hearing adjourned 5:10 p.m.

¹ Unofficially captioned "Imposition and Distribution of Severance Tax on Oil and Gas" by legislative staff for tracking purposes. Such caption is not part of the titles set by the Board.

STATE OF COLORADO
Department of State
1700 Broadway
Suite 270
Denver, CO 80290



Mike Coffman
Secretary of State

Holly Z. Lowder
Director, Elections Division

April 23, 2007

NOTICE OF MEETING

You are hereby notified that the Secretary of State,
Attorney General, and the Director of the Office of Legislative

Legal Services will meet for a hearing

for a proposed initiative concerning

2007 - 2008 #13*

Wednesday, May 2, 2007 at 2:00 p.m.

Secretary of State's Blue Spruce Conference Room

1700 Broadway, Suite 270

Denver, Colorado

You are invited to attend.

Mike Coffman
Secretary of State

AUDIO BROADCASTS NOW AVAILABLE. PLEASE VISIT WWW.SOS.STATE.CO.US AND CLICK ON THE "INFORMATION CENTER".

PROPOSED INITIATIVE TEXT ALSO AVAILABLE ON OUR WEBSITE, LOCATED ON THE INITIATIVE INFORMATION PAGE UNDER "TITLE BOARD FILINGS".

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Main Number
TDD
Fax

(303) 894-2200
(303) 869-4867
(303) 869-4861

Web Site
E-mail - Elections

www.sos.state.co.us
sos.elections@sos.state.co.us

Ballot Title Setting Board

Proposed Initiative 2007-2008 #13¹

The title as designated and fixed by the Board is as follows:

1 State taxes shall be increased _____ annually by an amendment to the Colorado
2 constitution concerning the tax on oil and gas extracted in the state, and, in connection
3 therewith, establishing a new severance tax of five percent of the gross proceeds from oil and
4 gas extracted in the state; permitting the general assembly to increase the rate of the new
5 severance tax, subject to other constitutional provisions relating to tax increases; exempting
6 taxpayers with less than three hundred thousand dollars of gross income from the tax;
7 permitting the general assembly to enact an exemption for minimal producing oil and gas
8 wells; prohibiting a credit against the tax for property taxes paid; exempting revenues from the
9 tax from state and local government spending limits; repealing the existing statutory tax on oil
10 and gas extracted in the state, effective January 1, 2008, which may reduce the amount of
11 severance taxes paid and collected for taxable years commencing in 2007; and requiring
12 certain revenues from the new severance tax to be used to provide funding for energy-impacted
13 communities.

The ballot title and submission clause as designated and fixed by the Board is as follows:

14 Shall state taxes be increased _____ annually by an amendment to the Colorado
15 constitution concerning the tax on oil and gas extracted in the state, and, in connection
16 therewith, establishing a new severance tax of five percent of the gross proceeds from oil and
17 gas extracted in the state; permitting the general assembly to increase the rate of the new
18 severance tax, subject to other constitutional provisions relating to tax increases; exempting
19 taxpayers with less than three hundred thousand dollars of gross income from the tax;
20 permitting the general assembly to enact an exemption for minimal producing oil and gas

¹ Unofficially captioned "Imposition and Distribution of Severance Tax on Oil and Gas" by legislative staff for tracking purposes. Such caption is not part of the titles set by the Board.

1 wells; prohibiting a credit against the tax for property taxes paid; exempting revenues from the
2 tax from state and local government spending limits; repealing the existing statutory tax on oil
3 and gas extracted in the state, effective January 1, 2008, which may reduce the amount of
4 severance taxes paid and collected for taxable years commencing in 2007; and requiring
5 certain revenues from the new severance tax to be used to provide funding for energy-impacted
6 communities?

STATE OF COLORADO

OFFICE OF STATE PLANNING AND BUDGETING

111 State Capitol Building
Denver, Colorado 80203
(303) 866-3317



Bill Ritter, Jr.
Governor
Todd Saliman
Director

MEMORANDUM

TO: Title Setting Review Board

FROM: Todd Saliman, Director

DATE: April 30, 2007

SUBJECT: Fiscal Analysis for Proposed Ballot Initiative #13

Ballot Initiative #13 would repeal the existing severance tax statutes and replace them with a new tax set forth in the Constitution. Apart from some minor but important technicalities, the most noticeable change in tax policy is to eliminate the *ad valorem* tax credit allowed on oil and natural gas. As the initiative appears to constitute a new tax, the Governor's Office of State Planning and Budgeting (OSPB) is tasked with calculating the annual amount of the tax increase as specified by TABOR in the following format: "Shall state taxes be increased \$ _____ annually...?"

The OSPB has several concerns regarding proposed Ballot Initiative #13. They are outlined below. These concerns relate solely to estimating the fiscal impact of the initiative. It is important to note that the revenue received from this tax increase could vary greatly from the fiscal estimate if passed. In an effort to create a reasonable fiscal estimate, the OSPB consulted with the Department of Local Affairs and Legislative Council Staff economists on the assumptions inherent to this analysis.

- **Severance taxes are extremely volatile.** Energy prices are effectively determined by a small cartel of OPEC ministers, whose future output decisions will hinge on unknown economic and geopolitical events. The production decisions of firms in Colorado depend on several variables apart from output price, such as interest rates, technological ability and the political climate around drilling in areas of environmental significance. Colorado is a marginal state with respect to energy production, and as such it experiences all of the booms and busts of the industry in an aggravated manner.
- **The fiscal impact of this initiative is not observable *ex post*.** As this initiative replaces an existing tax with a new one, it is simply not possible to identify the net revenue gain after the fact. Whereas under the existing statutes, firms had incentives to operate across several counties in order to maximize their *ad valorem* credit, the new constitutional language would incentivize firms to arrange their corporate ownership structure so as to come in under the \$300,000 gross revenue threshold. Consequently, it will not be possible to examine data and determine what the existing severance tax would have generated were it not repealed. Therefore, there is no basis for calculating the net revenue gain for TABOR compliance purposes. For the reference of the title board, the OSPB will

furnish two numbers: the estimated incremental revenue impact from the entire initiative, and a forecast of the gross amount of tax revenue generated by the new tax.

Fiscal Analysis

Prices for Colorado's natural gas and oil are a weighted approximation, derived at the point-of-sale at hubs located in surrounding states where Colorado natural gas and oil is priced. These weighted prices are tracked by the Colorado Oil and Gas Conservation Commission and accessible from their website (<http://oil-gas.state.co.us/>). Colorado is distant from markets, leading to generally lower prices and a "basis differential" from national market gas prices. Ultimately, the basis differential, combined with national market behavior in response to supply and storage capacity, all act to create an extremely dynamic price environment.

The OSPB used the component analysis done by the Department of Local Affairs to establish the percentage increase DOLA expects to see in oil and gas tax revenue above DOLA's current-law forecast. After some technical adjustments regarding differences in assumptions between the OSPB and DOLA forecasts, this growth factor was applied to the OSPB forecast to establish the forecast of the gross amount of tax revenue resulting from the new tax.

The OSPB estimates that the gross amount of tax revenue generated by the new tax will be \$428.3 million in FY 2008-09. The OSPB March 2007 forecast of severance tax revenue in FY 2008-09 is \$183.7 million, which leaves the incremental impact of this initiative at \$244.6 million. The OSPB wishes to reiterate that this incremental amount is the difference between two forecasts, which are both heavily dependent on price and volume forecasts that can vary widely from actual data. As indicated above, it will not be possible to calculate the true fiscal impact of this initiative, because the old severance tax will be abolished and the new tax is structured differently from the old one.

STATE OF COLORADO
Department of State
1700 Broadway
Suite 270
Denver, CO 80290



Mike Coffman
Secretary of State

Holly Z. Lowder
Director, Elections Division

AGENDA

Initiative Title Setting Review Board

Wednesday, May 2, 2007, 2:00 p.m.

Secretary of State's Blue Spruce Conference Room

1700 Broadway, Suite 270

Denver, Colorado

The order for the day shall be as follows:

- 1. 2007 –2008 #13 – “Imposition and Distribution of Severance Tax on Oil and Gas”***
- 2. 2007 –2008 #14 – “Imposition and Distribution of Severance Tax on Oil and Gas”***
- 3. 2007 –2008 #9 – “Higher Education Funding Fee on New Construction”***

AUDIO BROADCASTS NOW AVAILABLE. PLEASE VISIT WWW.SOS.STATE.CO.US AND CLICK ON THE “INFORMATION CENTER”.

AGENDA ITEMS NOT COMPLETED AT THE END OF THE DAY WILL BE CONTINUED TO A DATE, TIME, AND PLACE TO BE DETERMINED ON WEDNESDAY, MAY 2, 2007.

*** Unofficial caption assigned by legislative staff for tracking purposes. Such caption is not part of the titles set by the Board.**

Main Number (303) 894-2200
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STATE OF COLORADO
Department of State
1700 Broadway
Suite 270
Denver, CO 80290



Mike Coffman
Secretary of State
Holly Z. Lowder
Director, Elections Division

April 23, 2007

Mr. Jason Dunn
Office of the Attorney General
1525 Sherman Street, 7th Floor
Denver, CO 80203

Dear Mr. Dunn:

You are hereby officially notified that on April 20, 2007, the Colorado Secretary of State received a filing for Proposed Initiative 2007-2008 #13 – Imposition and Distribution of Severance Tax on Oil and Gas.

According to Section 1-40-106(1) Colorado Revised Statutes, the Secretary of State, the Attorney General, and the Director of Legislative Legal Services Office are constituted as a board to fix a title and submission clause for the proposal.

Pursuant to the same subsection, the Secretary of State has called a public meeting of the Board for hearing on May 2, 2007 at 2:00 p.m., at the Secretary of State Conference Room, 1700 Broadway, Suite 270, Denver, Colorado.

If you have further questions, please contact the office of the Secretary of State.

Sincerely,

Mike Coffman
Secretary of State

STATE OF COLORADO

Department of State

1700 Broadway
Suite 270
Denver, CO 80290



Mike Coffman
Secretary of State

Holly Z. Lowder
Director, Elections Division

April 23, 2007

The Honorable John Suthers
Attorney General
1525 Sherman, 7th Floor
Denver, CO 80203

Dear Mr. Suthers:

You are hereby officially notified that on April 20, 2007, the Colorado Secretary of State received a filing for Proposed Initiative 2007-2008 #13 – Imposition and Distribution of Severance Tax on Oil and Gas.

According to Section 1-40-106(1) Colorado Revised Statutes, the Secretary of State, the Attorney General, and the Director of Legislative Legal Services Office are constituted as a board to fix a title and submission clause for the proposal.

Pursuant to the same subsection, the Secretary of State has called a public meeting of the Board for hearing on May 2, 2007 at 2:00 p.m., at the Secretary of State Conference Room, 1700 Broadway, Suite 270, Denver, Colorado.

If you have further questions, please contact the office of the Secretary of State.

Sincerely,

Mike Coffman
Secretary of State

STATE OF COLORADO

Department of State

1700 Broadway
Suite 270
Denver, CO 80290



Mike Coffman
Secretary of State

Holly Z. Lowder
Director, Elections Division

April 23, 2007

Mr. Dan Domenico
Office of the Attorney General
1525 Sherman Street, 7th Floor
Denver, CO 80203

Dear Mr. Domenico:

You are hereby officially notified that on April 20, 2007, the Colorado Secretary of State received a filing for Proposed Initiative 2007-2008 #13 – Imposition and Distribution of Severance Tax on Oil and Gas.

According to Section 1-40-106(1) Colorado Revised Statutes, the Secretary of State, the Attorney General, and the Director of Legislative Legal Services Office are constituted as a board to fix a title and submission clause for the proposal.

Pursuant to the same subsection, the Secretary of State has called a public meeting of the Board for hearing on May 2, 2007 at 2:00 p.m., at the Secretary of State Conference Room, 1700 Broadway, Suite 270, Denver, Colorado.

If you have further questions, please contact the office of the Secretary of State.

Sincerely,

Mike Coffman
Secretary of State

STATE OF COLORADO

Department of State

1700 Broadway
Suite 270
Denver, CO 80290



Mike Coffman
Secretary of State

Holly Z. Lowder
Director, Elections Division

April 23, 2007

Mr. Charles Pike
Director of Legislative Legal Services
State Capitol, Room 091
Denver, CO 80203

Dear Mr. Pike:

You are hereby officially notified that on April 20, 2007, the Colorado Secretary of State received a filing for Proposed Initiative 2007-2008 #13 – Imposition and Distribution of Severance Tax on Oil and Gas.

According to Section 1-40-106(1) Colorado Revised Statutes, the Secretary of State, the Attorney General, and the Director of Legislative Legal Services Office are constituted as a board to fix a title and submission clause for the proposal.

Pursuant to the same subsection, the Secretary of State has called a public meeting of the Board for hearing on May 2, 2007 at 2:00 p.m., at the Secretary of State Conference Room, 1700 Broadway, Suite 270, Denver, Colorado.

If you have further questions, please contact the office of the Secretary of State.

Sincerely,

Mike Coffman
Secretary of State

STATE OF COLORADO
Department of State
1700 Broadway
Suite 270
Denver, CO 80290



Mike Coffman
Secretary of State
Holly Z. Lowder
Director, Elections Division

April 23, 2007

Ms. Deborah Godshall
Legislative Council
State Capitol, Room 29
Denver, CO 80203

Dear Ms. Godshall:

You are hereby officially notified that on April 20, 2007, the Colorado Secretary of State received a filing for Proposed Initiative 2007-2008 #13 – Imposition and Distribution of Severance Tax on Oil and Gas.

According to Section 1-40-106(1) Colorado Revised Statutes, the Secretary of State, the Attorney General, and the Director of Legislative Legal Services Office are constituted as a board to fix a title and submission clause for the proposal.

Pursuant to the same subsection, the Secretary of State has called a public meeting of the Board for hearing on May 2, 2007 at 2:00 p.m., at the Secretary of State Conference Room, 1700 Broadway, Suite 270, Denver, Colorado.

If you have further questions, please contact the office of the Secretary of State.

Sincerely,

Mike Coffman
Secretary of State

STATE OF COLORADO

Department of State

1700 Broadway
Suite 270
Denver, CO 80290



Mike Coffman
Secretary of State

Holly Z. Lowder
Director, Elections Division

April 23, 2007

Mr. Maurice Knaizer
Deputy Attorney General
1525 Sherman, 7th Floor
Denver, CO 80203

Dear Mr. Knaizer:

You are hereby officially notified that on April 20, 2007, the Colorado Secretary of State received a filing for Proposed Initiative 2007-2008 #13 – Imposition and Distribution of Severance Tax on Oil and Gas.

According to Section 1-40-106(1) Colorado Revised Statutes, the Secretary of State, the Attorney General, and the Director of Legislative Legal Services Office are constituted as a board to fix a title and submission clause for the proposal.

Pursuant to the same subsection, the Secretary of State has called a public meeting of the Board for hearing on May 2, 2007 at 2:00 p.m., at the Secretary of State Conference Room, 1700 Broadway, Suite 270, Denver, Colorado.

If you have further questions, please contact the office of the Secretary of State.

Sincerely,

Mike Coffman
Secretary of State

STATE OF COLORADO
Department of State
1700 Broadway
Suite 270
Denver, CO 80290



Mike Coffman
Secretary of State
Holly Z. Lowder
Director, Elections Division

April 23, 2007

Ms. Susan E. Kirkpatrick, Executive Director
Local Affairs
1313 Sherman, Suite 500
Denver, CO 80203

Dear Ms. Kirkpatrick:

You are hereby officially notified that on April 20, 2007, the Colorado Secretary of State received a filing for Proposed Initiative 2007-2008 #13 – Imposition and Distribution of Severance Tax on Oil and Gas.

According to Section 1-40-106(1) Colorado Revised Statutes, the Secretary of State, the Attorney General, and the Director of Legislative Legal Services Office are constituted as a board to fix a title and submission clause for the proposal.

Pursuant to the same subsection, the Secretary of State has called a public meeting of the Board for hearing on May 2, 2007 at 2:00 p.m., at the Secretary of State Conference Room, 1700 Broadway, Suite 270, Denver, Colorado.

If you have further questions, please contact the office of the Secretary of State.

Sincerely,

Mike Coffman
Secretary of State

STATE OF COLORADO
Department of State
1700 Broadway
Suite 270
Denver, CO 80290



Mike Coffman
Secretary of State

Holly Z. Lowder
Director, Elections Division

April 23, 2007

Mr. Todd Saliman, Director
State Planning & Budgeting
State Capitol, Room 111
Denver, CO 80203

Dear Mr. Todd Saliman:

You are hereby officially notified that on April 20, 2007, the Colorado Secretary of State received a filing for Proposed Initiative 2007-2008 #13 – Imposition and Distribution of Severance Tax on Oil and Gas.

According to Section 1-40-106(1) Colorado Revised Statutes, the Secretary of State, the Attorney General, and the Director of Legislative Legal Services Office are constituted as a board to fix a title and submission clause for the proposal.

Pursuant to the same subsection, the Secretary of State has called a public meeting of the Board for hearing on May 2, 2007 at 2:00 p.m., at the Secretary of State Conference Room, 1700 Broadway, Suite 270, Denver, Colorado.

If you have further questions, please contact the office of the Secretary of State.

Sincerely,

Mike Coffman
Secretary of State

STATE OF COLORADO
Department of State
1700 Broadway
Suite 270
Denver, CO 80290



Mike Coffman
Secretary of State

Holly Z. Lowder
Director, Elections Division

RECEIPT

To: Matt Samelson
Date: April 20, 2007
Re: Proposed Initiative 2007-2008 #13
Time: 1:10 p.m.

The Secretary of State's office on this day received from Matt Samelson a copy of the original text submitted with the Legislative Council, a copy of the highlighted changes, and the final copy of the text of proposed initiative 2007-2008 #13. Your copy of the notice of hearing is attached.

Secretary of State's Office

By *Cesi Gomez*

Cesi Gomez, Administrative Assistant

RECEIVED

APR 20 2007

9:10 PM
11:10 PM

Final Language for Proposed Initiative, Ballot Proposal #13 ELECTIONS/LICENSING SECRETARY OF STATE

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

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

SECTION 22. SEVERANCE TAX ON OIL AND GAS. (1) THE PEOPLE OF THE STATE OF COLORADO HEREBY FIND THAT NONRENEWABLE NATURAL RESOURCES OF OIL AND GAS ARE A PART OF COLORADO'S TREASURE AND LEGACY AND, WHEN REMOVED FROM THE EARTH, THE VALUE OF SUCH RESOURCES TO THE STATE OF COLORADO IS IRRETRIEVABLY LOST; AND THAT IT IS APPROPRIATE AND FITTING THAT THE STATE ASSESS A TAX UPON INCOME DERIVED FROM THE EXTRACTION AND SALE OF SUCH NONRENEWABLE RESOURCES AND DEDICATE THE REVENUES COLLECTED FOR THE BENEFIT AND WELFARE OF THE PEOPLE OF COLORADO.

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

- (A) UNDER THREE HUNDRED THOUSAND DOLLARS SHALL BE EXEMPT; AND
- (B) THREE HUNDRED THOUSAND DOLLARS AND OVER SHALL BE FIVE PERCENT OF THE ENTIRE GROSS INCOME OR AT SUCH GREATER RATE AS MAY BE DETERMINED BY THE GENERAL ASSEMBLY.

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

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

(5) THE REVENUES, INTEREST INCOME, AND INTEREST GENERATED BY OPERATION OF THIS SECTION SHALL BE APPROPRIATED ANNUALLY IN THE FOLLOWING PROPORTIONS:

- (a) TWENTY-FIVE PERCENT OF SUCH REVENUES SHALL BE APPROPRIATED AND DIRECTLY DISTRIBUTED TO COUNTIES AND MUNICIPALITIES SOCIALLY OR ECONOMICALLY IMPACTED BY THE DEVELOPMENT, PROCESSING, TRANSPORTATION, OR ENERGY CONVERSION OF THE NONRENEWABLE NATURAL RESOURCES OF OIL AND GAS.

- (b) SEVENTY-FIVE PERCENT OF SUCH REVENUES CREATED BY THIS SECTION SHALL BE APPROPRIATED AS MAY BE DETERMINED BY THE GENERAL ASSEMBLY.

(6) SECTION 39-29-105 COLORADO REVISED STATUTES IS HEREBY REPEALED.

Mike Coffman
Secretary of State
1700 Broadway, Suite 270
Denver, Colorado 80290

RECEIVED

APR 20 2007

ELECTIONS / LICENSING
SECRETARY OF STATE

Secretary of State Coffman,

Enclosed are two proposed initiatives with the original typewritten drafts submitted for a review and comment hearing, the amended drafts with changes highlighted and the original typewritten drafts which has the final language for printing of the proposed initiatives.

The proponents for both initiatives are:

Matt Samelson
1159 South Adams Street
Denver, CO 80210
720.932.1544
303.534.5785 (fax)
samelsonmatt@hotmail.com

Megan Ferland
1120 Lincoln Street, Suite 125
Denver, CO 80203
303.839.1580
303.839.1354 (fax)
megan@coloradokids.org

If there are any questions or concerns, please feel free to contact either of us.

Much appreciated,


Matt Samelson

Amended #13

RECEIVED

APR 20 2007

gwo 1:10pm

**ELECTIONS/LICENSING
SECRETARY OF STATE**

Ballot Proposal #13 with Highlighted Changes

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

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

SECTION 22. SEVERANCE TAX ON OIL AND GAS. (1) THE PEOPLE OF THE STATE OF COLORADO HEREBY FIND THAT NONRENEWABLE NATURAL RESOURCES OF OIL AND GAS ARE A PART OF COLORADO'S TREASURE AND LEGACY AND, WHEN REMOVED FROM THE EARTH, THE VALUE OF SUCH RESOURCES TO THE STATE OF COLORADO IS IRRETRIEVABLY LOST; AND THAT IT IS APPROPRIATE AND FITTING THAT THE STATE ASSESS A TAX UPON INCOME DERIVED FROM THE EXTRACTION AND SALE OF SUCH NONRENEWABLE RESOURCES, AND DEDICATE THE REVENUES COLLECTED FOR THE BENEFIT AND WELFARE OF THE PEOPLE OF COLORADO.

Deleted: 9

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

Deleted: ELIMINATE THE AD VALOREM CREDIT AFFORDED PRODUCERS OF OIL AND GAS

Deleted: A PORTION OF

Deleted: AS A RESULT FOR THE PURPOSE OF CREATING LONG-TERM SUSTAINABLE ASSETS FOR

- (a) UNDER THREE HUNDRED THOUSAND DOLLARS SHALL BE EXEMPT, AND
- (b) THREE HUNDRED THOUSAND DOLLARS AND OVER SHALL BE FIVE PERCENT OF THE ENTIRE GROSS INCOME OR AT SUCH GREATER RATE AS MAY BE DETERMINED BY THE GENERAL ASSEMBLY.

Deleted: \$0 AND UNDER \$300,000 SHALL BE ZERO PERCENT (0%);

Deleted: \$300,000 AND OVER SHALL BE NO LESS THAN FIVE PERCENT (5%).

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

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

(5) THE REVENUES, INTEREST INCOME, AND INTEREST GENERATED BY OPERATION OF THIS SECTION SHALL BE APPROPRIATED ANNUALLY IN THE FOLLOWING PROPORTIONS:

Deleted: 22

Deleted: (25%)

(a) TWENTY-FIVE PERCENT OF SUCH REVENUES SHALL BE APPROPRIATED AND DIRECTLY DISTRIBUTED TO COUNTIES AND MUNICIPALITIES SOCIALLY OR ECONOMICALLY IMPACTED BY THE DEVELOPMENT, PROCESSING, TRANSPORTATION, OR ENERGY CONVERSION OF THE NONRENEWABLE NATURAL RESOURCES OF OIL AND GAS.

Deleted: DIRECTLY

Deleted: ENERGY-IMPACTED COMMUNITIES IN

(b) SEVENTY-FIVE PERCENT OF SUCH REVENUES CREATED BY THIS SECTION SHALL BE APPROPRIATED AS MAY BE DETERMINED BY THE GENERAL ASSEMBLY.

Deleted: ALL REVENUE

Deleted: 22 EXCEPT FOR SUBPARAGRAPH (5)(a)

(6) SECTION 39-29-105 COLORADO REVISED STATUTES IS HEREBY REPEALED.

Deleted: 105 OF ARTICLE 29 OF TITLE OF 39 OF THE

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

Deleted: G

Deleted: A

(8) THE GENERAL ASSEMBLY IS DIRECTED TO MAKE SUCH CONFORMING AMENDMENTS AND ADDITIONAL ENACTMENTS TO THE COLORADO REVISED STATUTES AS MAY BE NECESSARY AND APPROPRIATE TO REALIZE THE PURPOSES OF THIS SECTION. TO THE EXTENT CONSISTENT WITH THE PURPOSES HEREOF, ALL PROVISIONS OF ARTICLE 29 OF TITLE 39 OF THE COLORADO REVISED STATUTES NOT SPECIFICALLY REPEALED HEREIN SHALL REMAIN EFFECTIVE UNLESS AND UNTIL REPEALED OR MODIFIED BY THE GENERAL ASSEMBLY.

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

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APR 20 2008

ELECTIONS / LICENSING
SECRETARY OF STATE

Original draft submitted to Colorado Legislative Council
Subsequently named Colorado Ballot Proposal #13

Proposed Initiative
Original #13

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

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

SECTION 22. SEVERANCE TAX ON OIL AND GAS.

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

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

\$0 AND UNDER \$300,000 SHALL BE ZERO PERCENT (0%); AND
\$300,000 AND OVER SHALL BE NO LESS THAN FIVE PERCENT (5%).

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

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

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

- (a) TWENTY-FIVE PERCENT (25%) OF SUCH REVENUES SHALL BE APPROPRIATED AND DISTRIBUTED DIRECTLY TO ENERGY-IMPACTED COMMUNITIES IN COUNTIES AND MUNICIPALITIES SOCIALLY OR ECONOMICALLY IMPACTED BY THE DEVELOPMENT, PROCESSING, TRANSPORTATION OR ENERGY CONVERSION OF THE NONRENEWABLE NATURAL RESOURCES OF OIL AND GAS.
- (b) ALL REVENUE CREATED BY THIS SECTION 22 EXCEPT FOR SUBPARAGRAPH (5) (a) SHALL BE APPROPRIATED AS MAY BE DETERMINED BY THE GENERAL ASSEMBLY.



Colorado
Legislative
Council
Staff

Room 029 State Capitol, Denver, CO 80203-1784
(303) 866-3521 FAX: 866-3855 TDD: 866-3472

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APR 09 2007

NOTICE
PUBLIC INITIATIVE HEARING
Thursday, April 19, 2007

ELECTIONS LICENSING
AND REGULATION OF STATE

The Colorado Constitution authorizes the registered electors of Colorado to propose changes in the state Constitution and the laws by petition. The original draft of the text of proposed initiated constitutional amendments and laws must be submitted to the General Assembly's legislative research and legal services offices for review and comment. Pursuant to the requirements of Article V, Section 1 (5), Colorado Constitution, the offices must submit comments to proponents at a meeting open to the public.

The directors of the Legislative Council Staff and the Office of Legislative Legal Services will hold a meeting with the proponents of the attached initiative proposal, unless the proposal is withdrawn by the proponents prior to the meeting.

Proposal Number: 2007-2008 #13
Time and Date of Meeting: 11:00 AM, Thursday, April 19, 2007
Place of Meeting: HCR 0109, State Capitol
Topic of Proposal: Imposition and Distribution of Severance Tax on Oil and Gas

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 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.

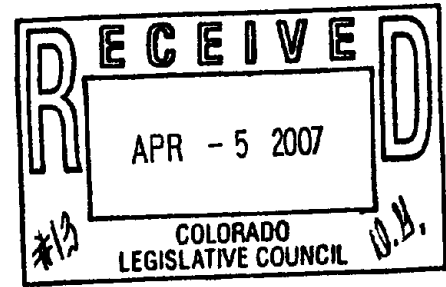
37 (b) ALL REVENUE CREATED BY THIS SECTION 22 EXCEPT FOR SUBPARAGRAPH (5)
38 (a) SHALL BE APPROPRIATED AS MAY BE DETERMINED BY THE GENERAL
39 ASSEMBLY.

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.



April 5, 2007

Kirk Mlinek, Director
Colorado Legislative Council Staff
Room 029
State Capitol Building
Denver, CO 80203

Mr. Kirk Mlinek,

Please accept the following draft language of a petition to amend the Colorado Constitution. The petition's proponents are as follows:

Megan Ferland
1120 Lincoln Street, #125
Denver, CO 80203

Matt Samelson
1159 South Adams Street
Denver, CO 80210
samelsonmatt@hotmail.com

Thank you,

Tony Lewis