

Second Regular Session
Seventieth General Assembly
STATE OF COLORADO

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 16-1285.01 Ed DeCecco x4216

SENATE BILL 16-218

SENATE SPONSORSHIP

Lambert and Steadman, Grantham

HOUSE SPONSORSHIP

Hamner and Rankin, Young

Senate Committees
Appropriations

House Committees

A BILL FOR AN ACT

101 CONCERNING MATTERS RELATED TO STATE SEVERANCE TAX REFUNDS.

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>.)

Joint Budget Committee. Section 1 of the bill reduces the amount of the general fund reserve for the fiscal year 2015-16 by an amount equal to the amount of income tax revenue that is deposited in a reserve to make severance tax refunds. **Section 3** establishes the reserve in which all severance tax revenues are set aside and maintained in order to make severance tax refunds, prior to allocation to the severance tax trust fund and the local government severance tax fund. Until July 1, 2017, income tax revenue that would otherwise be deposited in the

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

SENATE
Amended 2nd Reading
May 9, 2016

general fund may instead be deposited in the reserve if needed to make the refunds. **Section 2** makes a conforming change related to this use of the income tax revenue.

Section 4 extends a repeal date, so that severance tax revenue can continue to be allocated to the severance tax trust fund and the local government severance tax fund between January 1, 2017, and July 1, 2017.

The following amounts are restricted from being used for any purpose whatsoever:

- ! \$19.1 million dollars from the severance tax perpetual base fund; (**section 5**)
- ! \$10 million dollars from the severance tax operational fund; and (**section 6**)
- ! \$48 million dollars from the local government severance tax fund. (**section 7**)

The money in these funds remains restricted until such time that the joint budget committee, by a majority vote, releases the restriction on some or all of the money.

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

2 **SECTION 1.** In Colorado Revised Statutes, 24-75-201.1, **amend**
3 **as added by House Bill 16-1419** (1) (d) (XVII) as follows:

4 **24-75-201.1. Restriction on state appropriations - legislative**
5 **declaration - definitions.** (1) (d) For each fiscal year, unrestricted
6 general fund year-end balances shall be retained as a reserve in the
7 following amounts:

8 (XVII) For the fiscal year 2015-16, AN AMOUNT EQUAL TO five
9 and six-tenths percent of the amount appropriated for expenditure from
10 the general fund for that fiscal year MINUS THE TOTAL AMOUNT CREDITED
11 TO THE RESERVE CREATED IN SECTION 39-22-107.8, C.R.S., IN
12 ACCORDANCE WITH PARAGRAPH (a) OF SUBSECTION (2) OF SAID SECTION.

13 **SECTION 2.** In Colorado Revised Statutes, 39-22-623, **amend**
14 (1) (b) as follows:

15 **39-22-623. Disposition of collections.** (1) (b) Following

1 apportionment of the city, town, and county shares pursuant to paragraph
2 (a) of this subsection (1) and pursuant to section 29-21-101, C.R.S., all
3 remaining funds, LESS THE AMOUNT CREDITED TO THE RESERVE CREATED
4 IN SECTION 39-29-107.8, IN ACCORDANCE WITH SUBSECTION (2) OF SAID
5 SECTION, shall be credited to the general fund, and the general assembly
6 shall make appropriations therefrom for the expenses of the
7 administration of this article.

8 **SECTION 3.** In Colorado Revised Statutes, **add** 39-29-107.8 as
9 follows:

10 **39-29-107.8. Refunds.** (1) PRIOR TO THE ALLOCATION IN SECTION
11 39-29-108, THE STATE TREASURER SHALL SET ASIDE AND MAINTAIN ALL
12 REVENUE FROM THE TAX IMPOSED PURSUANT TO THIS ARTICLE IN A
13 RESERVE THAT IS AVAILABLE FOR THE PAYMENT OF REFUNDS RELATED TO
14 THE TAX IN ACCORDANCE WITH SECTION 39-21-108. AT THE END OF
15 EACH MONTH, ANY MONEYS IN THE RESERVE THAT ARE NOT REQUIRED FOR
16 A REFUND ARE THE TOTAL GROSS RECEIPTS REALIZED THAT ARE
17 AVAILABLE FOR ALLOCATION UNDER SECTION 39-29-108.

18 (2) (a) PRIOR TO JULY 1, 2016, IF THE AMOUNT IN THE RESERVE IS
19 LESS THAN THE AMOUNT OF REFUNDS THAT ARE REQUIRED TO BE MADE
20 FROM THE RESERVE, THEN THE STATE TREASURER SHALL CREDIT TO THE
21 RESERVE FROM THE PROCEEDS OF THE MONEY COLLECTED UNDER ARTICLE
22 22 OF THIS TITLE AN AMOUNT EQUAL TO THE DEFICIT.

23 (b) ON OR AFTER JULY 1, 2016, BUT PRIOR TO JULY 1, 2017, THE
24 STATE TREASURER SHALL CREDIT TO THE RESERVE FROM THE PROCEEDS
25 OF THE MONEY COLLECTED UNDER ARTICLE 22 OF THIS TITLE, AN AMOUNT
26 EQUAL TO THE AMOUNT BY WHICH THE REFUNDS FOR THE TAX IMPOSED
27 PURSUANT TO THIS ARTICLE THAT ARE MADE FOR A MONTH EXCEED

1 FIFTEEN PERCENT OF THE GROSS SEVERANCE TAX REVENUES FOR THE SAME
2 MONTH.

3 (3) THE STATE TREASURER SHALL CREDIT MONEY TO THE RESERVE
4 IN ACCORDANCE WITH SUBSECTION (2) OF THIS SECTION ON A MONTHLY
5 BASIS. IF THERE IS INSUFFICIENT REVENUE AVAILABLE TO BE CREDITED,
6 THE STATE CONTROLLER MAY AUTHORIZE AN ADVANCE UNDER SECTION
7 24-75-203 (2), C.R.S., TO THE RESERVE TO BE USED FOR THE REFUNDS.
8 THERE IS NO LIMIT ON THE AMOUNT OF AN ADVANCE THAT THE STATE
9 CONTROLLER MAY MAKE FOR THIS PURPOSE.

10 **SECTION 4.** In Colorado Revised Statutes, 39-29-108, **amend**
11 (2) (a) (II) as follows:

12 **39-29-108. Allocation of severance tax revenues - definitions**
13 **- repeal.** (2) (a) (II) This paragraph (a) is repealed, effective ~~January~~
14 JULY 1, 2017.

15 **SECTION 5.** In Colorado Revised Statutes, 39-29-109, **add** (2)
16 (a) (XV) as follows:

17 **39-29-109. Severance tax trust fund - created - administration**
18 **- distribution of moneys - repeal.** (2) State severance tax receipts shall
19 be credited to the severance tax trust fund as provided in section
20 39-29-108. Except as otherwise set forth in section 39-29-109.5, all
21 income derived from the deposit and investment of the moneys in the
22 fund shall be credited to the fund. At the end of any fiscal year, all
23 unexpended and unencumbered moneys in the fund remain therein and
24 shall not be credited or transferred to the general fund or any other fund.
25 All moneys in the fund are subject to appropriation by the general
26 assembly for the following purposes:

27 (a) **The severance tax perpetual base fund.**

1 (XV) NOTWITHSTANDING ANY PROVISION OF THIS PARAGRAPH (a) TO THE
2 CONTRARY, AN AMOUNT EQUAL TO NINETEEN MILLION ONE HUNDRED
3 THOUSAND DOLLARS IN THE FUND IS RESTRICTED FROM BEING USED FOR
4 ANY PURPOSE WHATSOEVER, UNTIL SUCH TIME THAT THE JOINT BUDGET
5 COMMITTEE, BY A MAJORITY VOTE, RELEASES THE RESTRICTION ON SOME
6 OR ALL OF THE MONEY.

7 **SECTION 6.** In Colorado Revised Statutes, 39-29-109.3, **add**
8 (1.5) as follows:

9 **39-29-109.3. Severance tax operational fund - repeal.**
10 (1.5) NOTWITHSTANDING ANY PROVISION OF THIS SECTION TO THE
11 CONTRARY, AN AMOUNT EQUAL TO TEN MILLION DOLLARS IN THE
12 OPERATIONAL FUND IS RESTRICTED FROM BEING USED FOR ANY PURPOSE
13 WHATSOEVER, UNTIL SUCH TIME THAT THE JOINT BUDGET COMMITTEE, BY
14 A MAJORITY VOTE, RELEASES THE RESTRICTION ON SOME OR ALL OF THE
15 MONEY.

16 **SECTION 7.** In Colorado Revised Statutes, 39-29-110, **add** (8)
17 as follows:

18 **39-29-110. Local government severance tax fund - creation -**
19 **administration - definitions.** (8) NOTWITHSTANDING ANY PROVISION OF
20 THIS SECTION TO THE CONTRARY, AN AMOUNT EQUAL TO FORTY-EIGHT
21 MILLION THREE HUNDRED THOUSAND DOLLARS IN THE LOCAL
22 GOVERNMENT SEVERANCE TAX FUND THAT WOULD OTHERWISE BE
23 DISTRIBUTED UNDER PARAGRAPH (b) OF SUBSECTION (1) OF THIS SECTION
24 IS RESTRICTED FROM BEING USED FOR ANY PURPOSE WHATSOEVER, UNTIL
25 SUCH TIME THAT THE JOINT BUDGET COMMITTEE, BY A MAJORITY VOTE,
26 RELEASES THE RESTRICTION ON SOME OR ALL OF THE MONEY. IT IS THE
27 GENERAL ASSEMBLY'S INTENT THAT THE RESTRICTION OF MONEY IN THE

1 FUND SHALL NOT AFFECT THE DISTRIBUTIONS MADE UNDER PARAGRAPH
2 (c) OF SUBSECTION (1) OF THIS SECTION.

3 **SECTION 8. Safety clause.** The general assembly hereby finds,
4 determines, and declares that this act is necessary for the immediate
5 preservation of the public peace, health, and safety.