

## CHAPTER 235

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**TAXATION**

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**HOUSE BILL 99-1249**

BY REPRESENTATIVES Spradley, George, May, Alexander, Johnson, Miller, Paschall, Piffner, Smith, Sullivan, Zimmerman, Clapp, Dean, Hoppe, Kester, King, Mitchell, Witwer, Berry, Coleman, Decker, Fairbank, Hefley, Larson, Lee, May, McElhany, McKay, McPherson, Nunez, Scott, Spence, Stengel, Swenson, Taylor, Tool, Vigil, and Young ;  
also SENATORS Wattenberg, Chlouber, Dennis, Perlmutter, Tebedo, Dyer, Congrove, Epps, Evans, Hernandez, Lamborn, Musgrave, and Teck.

**AN ACT**

CONCERNING THE SEVERANCE TAX UPON MINED MATERIALS.

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

**SECTION 1. Legislative declaration.** The general assembly hereby finds and declares that it is the intent of this act to provide for a reduction in the amount of severance taxes collected upon metallic minerals, molybdenum ore, and coal. The general assembly further finds and declares, however, that it is not the intent of this act to cause any reduction in the amount of severance tax revenues distributed directly to local government entities and that by modifying the allocation of severance tax revenues as provided in this act only a minimal reduction, if any, should result.

**SECTION 2.** 39-29-103 (1), Colorado Revised Statutes, is amended to read:

**39-29-103. Tax on severance of metallic minerals.** (1) In addition to any other tax, there shall be levied, collected, and paid for each taxable year a tax upon the severance from the earth in this state of all metallic minerals as to all such severance occurring on and after January 1, 1978. Such tax shall be levied against every mining operation engaged in the severance of metallic minerals and shall be based upon the gross income of such mining operation. NOTHING IN THIS SUBSECTION (1) SHALL EXEMPT A COMPANY FROM SUBMITTING A PRODUCTION EMPLOYEE REPORT AS REQUIRED BY SECTION 39-29-110 (1) (d) (I). The rate of the tax for all metallic minerals shall be as follows:

(a) FOR TAXABLE YEARS COMMENCING PRIOR TO JULY 1, 1999:

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*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

<b>Amount of gross income</b>	<b>Percentage tax on gross income</b>
First \$11,000,000	No tax
Amount exceeding \$11,000,000	2.25%

(b) FOR TAXABLE YEARS COMMENCING ON OR AFTER JULY 1, 1999:

<b>AMOUNT OF GROSS INCOME</b>	<b>PERCENTAGE TAX ON GROSS INCOME</b>
FIRST \$19,000,000	NO TAX
AMOUNT EXCEEDING \$19,000,000	2.25%

**SECTION 3.** 39-29-104 (1), Colorado Revised Statutes, is amended to read:

**39-29-104. Tax on severance of molybdenum ore.** (1) In addition to any other tax, there shall be levied, collected, and paid for each calendar quarter a tax upon the severance of all molybdenum ore in this state. Such tax shall be levied against every person engaged in the severance of molybdenum ore. The rate of the tax for each calendar quarter shall be five cents per ton of molybdenum ore. ON AND AFTER JULY 1, 1999, NO TAX PROVIDED FOR IN THIS SECTION SHALL BE IMPOSED ON THE FIRST SIX HUNDRED TWENTY-FIVE THOUSAND TONS OF MOLYBDENUM ORE PRODUCED EACH QUARTER OF THE TAXABLE YEAR. HOWEVER, NOTHING IN THIS SUBSECTION (1) SHALL EXEMPT A COMPANY FROM SUBMITTING A PRODUCTION EMPLOYEE REPORT AS REQUIRED BY SECTION 39-29-110 (1) (d) (I).

**SECTION 4.** 39-29-106 (2) (a) and (2) (b), Colorado Revised Statutes, are amended to read:

**39-29-106. Tax on the severance of coal - repeal.** (2) (a) ~~For the period of July 1, 1984, through~~ THROUGH June 30, 2000 1999, no tax provided for in subsection (1) of this section shall be imposed on the first twenty-five thousand tons of coal produced in each quarter of the taxable year. However, nothing in this paragraph (a) shall exempt a company from the production employee report as required by section 39-29-110 (1) (d) (I). This paragraph (a) is repealed, effective July 1, 2000 1999.

(b) On and after July 1, 2000 1999, no tax provided for in subsection (1) of this section shall be imposed on the first ~~eight~~ THREE HUNDRED thousand tons of coal produced in each quarter of the taxable year. HOWEVER, NOTHING IN THIS PARAGRAPH (b) SHALL EXEMPT A COMPANY FROM SUBMITTING A PRODUCTION EMPLOYEE REPORT AS REQUIRED BY SECTION 39-29-110 (1) (d) (I).

**SECTION 5.** The introductory portion to 39-29-109 (1) (a), Colorado Revised Statutes, is amended to read:

**39-29-109. Severance tax trust fund - created - administration - use of**

**moneys.** (1) (a) There is hereby created in the office of the state treasurer the severance tax trust fund. The fund is to be perpetual and held in trust as a replacement for depleted natural resources and for the development and conservation of the state's water resources pursuant to sections 37-60-106 (1) (j) and (1) (l), 37-60-119, and 37-60-122, C.R.S., and for the use in funding programs that promote and encourage sound natural resource planning, management, and development related to minerals, energy, geology, and water. State severance tax receipts shall be credited to the severance tax trust fund as provided in section 39-29-108. All income derived from the deposit and investment of the moneys in the severance tax trust fund shall be credited to the ~~general~~ SEVERANCE TAX TRUST fund. At the end of any fiscal year, all unexpended and unencumbered moneys in the fund shall remain therein and shall not be credited or transferred to the general fund or any other fund. All moneys in the fund shall be subject to appropriation by the general assembly for the following purposes:

**SECTION 6.** 39-29-110 (1) (a) (I), Colorado Revised Statutes, is amended to read:

**39-29-110. Local government severance tax fund - creation - administration - energy impact assistance advisory committee created.** (1) (a) (I) There is hereby created in the department of local affairs a local government severance tax fund. In accordance with section 39-29-108, portions of the state severance tax receipts shall be credited to the local government severance tax fund. ALL INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF THE MONEYS IN THE LOCAL GOVERNMENT SEVERANCE TAX FUND SHALL BE CREDITED TO THE LOCAL GOVERNMENT SEVERANCE TAX FUND.

**SECTION 7. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: May 24, 1999