

## CHAPTER 169

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**NATURAL RESOURCES**

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**SENATE BILL 97-206**

BY SENATORS Bishop, Ament, Dennis, Rizzuto, Wham, and Weddig;  
also REPRESENTATIVES George, Taylor, and Udall.

**AN ACT**

CONCERNING THE MANAGEMENT OF STATE LANDS, AND, IN CONNECTION THEREWITH, MAKING STATUTORY CHANGES TO IMPLEMENT THE AMENDMENTS TO SECTIONS 3, 9, AND 10 OF ARTICLE IX OF THE STATE CONSTITUTION, ADOPTED BY THE PEOPLE AT THE NOVEMBER 1996 GENERAL ELECTION, AND MAKING AN APPROPRIATION.

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

**SECTION 1.** Title 36, Colorado Revised Statutes, 1990 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW SECTION to read:

**36-1-100.3. Definition.** AS USED IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(1) "MINERAL RESOURCES" MEANS THOSE COMMODITIES SUBJECT TO REGULATION UNDER ARTICLES 32, 32.5, 33, AND 60 OF TITLE 34, C.R.S., INCLUDING BUT NOT LIMITED TO OIL, GAS, COAL, SAND, GRAVEL, AND OTHER MINERALS.

**SECTION 2.** 36-1-101.5, Colorado Revised Statutes, 1990 Repl. Vol., is amended to read:

**36-1-101.5. Appointment of members - duties.** (1) The state board of land commissioners shall be composed of ~~three~~ FIVE members appointed by the governor, with the consent of the senate, ~~who shall have the direction, control, and disposition of the public lands of the state. One of such members shall, at the time of his appointment, be designated as president of the board; one of such members shall, at the time of his appointment, be designated as register of the board; and the third member of said board shall, at the time of his appointment, be designated as the engineer of the board and shall always be professionally a civil engineer who, for at least five years, has been actively engaged in the practice of his profession.~~

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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.*

~~Successors to the present members of the board shall each be appointed for a term of six years.~~ ONE OF WHOM SHALL BE ELECTED BY THE BOARD AS ITS PRESIDENT. THE BOARD SHALL MEET AT LEAST ONCE EVERY MONTH.

(2) THE GOVERNOR SHALL ENDEAVOR TO APPOINT MEMBERS OF THE BOARD WHO RESIDE IN DIFFERENT GEOGRAPHIC REGIONS OF THE STATE. Not more than ~~two~~ THREE members of the board may be of ANY one major political party. ~~and the third member shall be a member of the other major political party.~~ THE BOARD SHALL BE COMPOSED OF:

(a) ONE PERSON WITH SUBSTANTIAL EXPERIENCE IN PRODUCTION AGRICULTURE;

(b) ONE PERSON WITH SUBSTANTIAL EXPERIENCE IN PUBLIC PRIMARY OR SECONDARY EDUCATION;

(c) ONE PERSON WITH SUBSTANTIAL EXPERIENCE IN LOCAL GOVERNMENT AND LAND USE PLANNING;

(d) ONE PERSON WITH SUBSTANTIAL EXPERIENCE IN NATURAL RESOURCE CONSERVATION; AND

(e) ONE CITIZEN AT LARGE.

(3) (a) THE TERM OF EACH MEMBER SHALL BE FOR FOUR YEARS. NO MEMBER SHALL SERVE MORE THAN TWO CONSECUTIVE TERMS. MEMBERS OF THE BOARD SHALL BE SUBJECT TO REMOVAL, AND VACANCIES ON THE BOARD SHALL BE FILLED, AS PROVIDED IN SECTION 6 OF ARTICLE IV OF THE STATE CONSTITUTION.

(b) THE TERMS OF OFFICE OF THE MEMBERS OF THE BOARD APPOINTED PRIOR TO THE EFFECTIVE DATE OF SUBSECTION (3) OF SECTION 9 OF ARTICLE IX OF THE STATE CONSTITUTION SHALL EXPIRE UPON THE CONFIRMATION OF THE APPOINTMENT OF THE FIRST THREE MEMBERS OF THE FIRST BOARD APPOINTED PURSUANT TO SUBSECTION (3) OF SECTION 9 OF ARTICLE IX OF THE STATE CONSTITUTION. THE PROVISIONS OF PARAGRAPH (a) OF THIS SUBSECTION (3) NOTWITHSTANDING, THE TERMS OF THE FIRST BOARD MEMBERS APPOINTED PURSUANT TO THIS SUBSECTION (3) SHALL BE AS FOLLOWS:

(I) TWO MEMBERS SHALL BE APPOINTED FOR TERMS THAT EXPIRE JUNE 30, 1999;

(II) THREE MEMBERS SHALL BE APPOINTED FOR TERMS THAT EXPIRE JUNE 30, 2001.

(c) PARAGRAPH (b) OF THIS SUBSECTION (3) AND THIS PARAGRAPH (c) ARE REPEALED, EFFECTIVE JUNE 30, 2002.

(4) THE MEMBERS OF THE STATE BOARD OF LAND COMMISSIONERS SHALL NOT, BY VIRTUE OF THEIR APPOINTMENT, BE EMPLOYEES OF THE STATE. THE BOARD MEMBERS SHALL BE REIMBURSED FOR THEIR REASONABLE AND NECESSARY EXPENSES AND RECEIVE PER DIEM OF FIFTY DOLLARS PER DAY FOR EACH DAY THE MEMBER ATTENDS A BOARD MEETING, SUBJECT TO APPROPRIATION BY THE GENERAL ASSEMBLY FROM THE INCOME FROM THE TRUST LANDS.

(5) THE INDIVIDUAL MEMBERS OF THE STATE BOARD OF LAND COMMISSIONERS SHALL HAVE NO PERSONAL LIABILITY FOR ANY ACTION OR FAILURE TO ACT AS LONG AS SUCH ACTION OR FAILURE TO ACT DOES NOT INVOLVE WILLFUL OR INTENTIONAL MALFEASANCE OR GROSS NEGLIGENCE.

(6) (a) THE PEOPLE OF THE STATE OF COLORADO HAVE RECOGNIZED IN SECTION 10 OF ARTICLE IX OF THE STATE CONSTITUTION THAT THE STATE SCHOOL LANDS ARE AN ENDOWMENT OF LAND ASSETS HELD IN A PERPETUAL, INTERGENERATIONAL PUBLIC TRUST FOR THE SUPPORT OF PUBLIC SCHOOLS, WHICH SHOULD NOT BE SIGNIFICANTLY DIMINISHED; THAT THE DISPOSITION AND USE OF SUCH LANDS SHOULD THEREFORE BENEFIT PUBLIC SCHOOLS INCLUDING LOCAL SCHOOL DISTRICTS; AND THAT THE ECONOMIC PRODUCTIVITY OF ALL LANDS HELD IN PUBLIC TRUST IS DEPENDENT ON SOUND STEWARDSHIP, INCLUDING PROTECTING AND ENHANCING THE BEAUTY, NATURAL VALUES, OPEN SPACE, AND WILDLIFE HABITAT THEREOF, FOR THIS AND FUTURE GENERATIONS. IN RECOGNITION OF THESE PRINCIPLES, THE STATE BOARD OF LAND COMMISSIONERS SHALL BE GOVERNED BY THE STANDARDS SET FORTH IN SECTION 10 OF ARTICLE IX OF THE STATE CONSTITUTION IN THE DISCHARGE OF ITS FIDUCIARY OBLIGATIONS, IN ADDITION TO OTHER LAWS GENERALLY APPLICABLE TO TRUSTEES.

(b) THE STATE BOARD OF LAND COMMISSIONERS SHALL SERVE AS THE TRUSTEE FOR THE LANDS GRANTED TO THE STATE IN PUBLIC TRUST BY THE FEDERAL GOVERNMENT, LANDS ACQUIRED IN LIEU THEREOF, AND ADDITIONAL LANDS HELD BY THE BOARD IN PUBLIC TRUST. THE BOARD SHALL HAVE THE DUTY TO MANAGE, CONTROL, ENCUMBER, AND DISPOSE OF SUCH LANDS IN ACCORDANCE WITH THE PURPOSES FOR WHICH SAID GRANTS OF LAND WERE MADE AND SECTION 10 OF ARTICLE IX OF THE STATE CONSTITUTION, AND SUBJECT TO SUCH TERMS AND CONDITIONS CONSISTENT THEREWITH AS MAY BE PRESCRIBED BY LAW.

(c) IT SHALL BE THE DUTY OF THE STATE BOARD OF LAND COMMISSIONERS TO PROVIDE FOR THE PRUDENT MANAGEMENT, LOCATION, PROTECTION, SALE, EXCHANGE, OR OTHER DISPOSITION OF ALL LANDS HERETOFORE, OR WHICH MAY HEREAFTER BE, HELD BY THE BOARD AS TRUSTEE PURSUANT TO SUBSECTION (6) OF SECTION 9 OF ARTICLE IX OF THE STATE CONSTITUTION, IN ORDER TO PRODUCE A REASONABLE AND CONSISTENT INCOME OVER TIME. THE STATE BOARD OF LAND COMMISSIONERS SHALL PROTECT AND ENHANCE THE LONG-TERM PRODUCTIVITY AND SOUND STEWARDSHIP OF THE TRUST LANDS HELD BY THE BOARD.

(d) THE STATE BOARD OF LAND COMMISSIONERS SHALL MANAGE THE DEVELOPMENT AND UTILIZATION OF NATURAL RESOURCES ON STATE LANDS IN A MANNER WHICH WILL CONSERVE THE LONG-TERM VALUE OF SUCH RESOURCES, AS WELL AS EXISTING AND FUTURE USES, AND IN ACCORDANCE WITH STATE AND LOCAL LAWS AND REGULATIONS.

**SECTION 3.** 36-1-102 (1) and (2), Colorado Revised Statutes, 1990 Repl. Vol., are amended to read:

**36-1-102. Employees - director - bonds - report.** (1) (a) The state board of land commissioners ~~is authorized to employ~~ SHALL HIRE, pursuant to section 13 of article XII of the state constitution AND WITH THE CONSENT OF THE GOVERNOR, A DIRECTOR, AND, THROUGH THE DIRECTOR, SHALL EMPLOY an office force. THE DIRECTOR SHALL,

SUBJECT TO THE GENERAL POLICIES OF THE STATE BOARD OF LAND COMMISSIONERS, HAVE ADMINISTRATIVE DIRECTION OVER THE ACTIVITIES OF THE STATE BOARD OF LAND COMMISSIONERS. THE STATE BOARD OF LAND COMMISSIONERS MAY CONTRACT FOR OFFICE SPACE, ACQUIRE EQUIPMENT AND SUPPLIES, AND ENTER INTO CONTRACTS AS NECESSARY TO ACCOMPLISH ITS DUTIES.

(b) It is the duty of the ~~register~~ DIRECTOR to keep the records of the state board of land commissioners; to make out and countersign all patents and leases issued by the board to purchasers and lessees of state lands, and keep a suitable record of the same; to file and preserve bonds of lessees and those given by purchasers to secure deferred payments; to make and deliver to purchasers a suitable certificate of purchase; to have the custody of the seal of the state board of land commissioners; to keep the minutes of the board; to receive all moneys ~~from the deputy register~~ collected by such ~~officer~~ on account of the state board of land commissioners, and to pay them over to the state treasurer, as prescribed by law; ~~and in the absence of the deputy register to receipt for and receive all moneys payable to the state board of land commissioners;~~ and to perform such other duties concerning the land affairs of the state as the said board may direct.

(2) ~~It is also the duty of the register in all contested cases, at the direction of the board, when hearings are necessary and witnesses may be required to be examined, to set a date for hearing such cases. The register shall duly advise the contestants and their accredited attorneys of the date set for such hearings, and on the date appointed the register is empowered to administer oaths and to hear and receive evidence in the manner and procedure established by the United States in the district land offices, or in accordance with the rules that are adopted by the board governing such cases. All evidence given and provided in such cases before the register shall be fully transcribed and arranged at the cost of the parties to the contest and shall form a part of the records of the office of the state board of land commissioners. The register shall, as soon as convenient after such hearings, present a full transcript of the proceedings to the state board of land commissioners, which shall render a decision in accordance therewith.~~

**SECTION 4.** 36-1-103, Colorado Revised Statutes, 1990 Repl. Vol., is repealed as follows:

**36-1-103. Deputy register - duties - bond.** ~~It is the duty of the deputy register to receipt and account for all moneys payable to the state board of land commissioners, and the deputy register shall pay the same over to the register daily. The deputy register shall give a good and sufficient surety bond, the cost of which shall be paid by the state, to be approved by the state board of land commissioners, for the faithful performance of the duties pertaining to that position, in the amount of thirty thousand dollars. The deputy register shall perform such other duties as may be prescribed by the state board of land commissioners.~~

**SECTION 5.** 36-1-104 (1), Colorado Revised Statutes, 1990 Repl. Vol., is amended to read:

**36-1-104. Deed - execution - copy of record.** (1) The governor is authorized, and, in case of his absence or inability, the lieutenant governor is authorized, to execute a good and sufficient deed or patent of conveyance transferring any lands

which may be ordered sold or which shall be sold and disposed of by the state board of land commissioners under the statutes of this state. Such deed or patent shall be attested by the secretary of state, countersigned by the ~~register~~ DIRECTOR OF THE STATE BOARD OF LAND COMMISSIONERS, and have the great seal of the state and the seal of the state board of land commissioners thereto attached, but need not be acknowledged. A certified copy of the record of any such deed or patent shall be receivable in evidence in all courts of record in this state, the same as the original.

**SECTION 6.** 36-1-106, Colorado Revised Statutes, 1990 Repl. Vol., is repealed as follows:

~~**36-1-106. Appraisers' reports.** Appraisers shall make stated written reports of their work to the state board of land commissioners and such special reports as may be required from time to time. Such reports shall be made upon suitable uniform blanks to be provided by the board for such purpose wherein shall be set forth the legal description, general character and adaptability, and estimated value of each of the several pieces, parcels, or tracts of land embraced in any such report, together with such other useful information as may be required by the board.~~

**SECTION 7.** Article 1 of title 36, Colorado Revised Statutes, 1990 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW SECTION to read:

**36-1-107.5. Long-term stewardship trust - nomination.** (1) IN ORDER TO FULFILL THE MANDATE OF SECTION 10 (1) (b) (I) OF ARTICLE IX OF THE STATE CONSTITUTION, THE STATE BOARD OF LAND COMMISSIONERS SHALL, THROUGH A STATEWIDE PUBLIC NOMINATION PROCESS, ESTABLISH A LONG-TERM STEWARDSHIP TRUST OF UP TO THREE HUNDRED THOUSAND ACRES OF LAND THAT THE STATE BOARD OF LAND COMMISSIONERS DETERMINES TO BE VALUABLE PRIMARILY TO PRESERVE LONG-TERM BENEFITS AND RETURNS TO THE STATE AND TO BE HELD AND MANAGED TO MAXIMIZE OPTIONS FOR CONTINUED STEWARDSHIP, PUBLIC USE, OR FUTURE DISPOSITION. IN HOLDING SUCH LANDS IN TRUST, THE STATE BOARD OF LAND COMMISSIONERS SHALL PERMIT ONLY THOSE USES THAT WILL PROTECT AND ENHANCE THE BEAUTY, NATURAL VALUES, OPEN SPACE, AND WILDLIFE HABITAT OF THOSE LANDS; EXCEPT THAT ANY SUCH RESTRICTIONS ON USE NEED NOT NECESSARILY PRECLUDE EXISTING USES OR MANAGEMENT PRACTICES INCLUDING BUT NOT LIMITED TO MINERAL RESOURCES, AGRICULTURAL, AND GRAZING USES.

(2) (a) THE STATE BOARD OF LAND COMMISSIONERS SHALL PROVIDE WRITTEN NOTIFICATION OF ANY LANDS UNDER CONSIDERATION TO BE SELECTED FOR THE LONG-TERM STEWARDSHIP TRUST TO ANY PRESENT LESSEES WITH INTEREST IN SUCH LANDS AND THE BOARD OF COUNTY COMMISSIONERS, IF SUCH LANDS ARE LOCATED WITHIN THE UNINCORPORATED PORTION OF A COUNTY, THE MUNICIPAL GOVERNING BODY, IF SUCH LANDS ARE LOCATED WITHIN AN INCORPORATED MUNICIPALITY, OR BOTH THE BOARD OF COUNTY COMMISSIONERS AND THE MUNICIPAL GOVERNING BODY, IF SUCH LANDS ARE LOCATED WITHIN THREE MILES OF ANY INCORPORATED MUNICIPALITY.

(b) IN SUCH NOTIFICATION, THE STATE BOARD OF LAND COMMISSIONERS SHALL REQUEST THE LOCAL GOVERNING BODY OR BODIES TO COMMENT ON WHETHER EXISTING USES AND MANAGEMENT PRACTICES ARE IN COMPLIANCE WITH VALID LOCAL LAND USE REGULATIONS AND LAND USE PLANS AS REQUIRED IN SECTION 10 (1) (c) OF

ARTICLE IX OF THE STATE CONSTITUTION. THE STATE BOARD OF LAND COMMISSIONERS SHALL FURTHER REQUEST IN SUCH NOTIFICATION THAT, WITHIN FORTY-FIVE DAYS AFTER RECEIPT OF THE NOTIFICATION, THE LOCAL GOVERNING BODY OR BODIES PROVIDE COMMENT TO THE STATE BOARD OF LAND COMMISSIONERS ON WHETHER THE SELECTION IS IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE IX OF THE STATE CONSTITUTION.

(c) IN THE NOTIFICATION, THE STATE BOARD OF LAND COMMISSIONERS SHALL ALSO REQUEST THAT THE LOCAL GOVERNING BODY OR BODIES MAY ALSO INCLUDE IN ITS ASSESSMENT AND RESPONSE ANY OTHER FACTORS THE LOCAL GOVERNING BODY OR BODIES DETERMINE ARE RELEVANT FOR THE CONSIDERATION OF LANDS FOR THE LONG-TERM STEWARDSHIP TRUST, INCLUDING THE CRITERIA SET FORTH IN SECTION 36-1-105.7 AND IN SECTIONS 9 AND 10 OF ARTICLE IX OF THE STATE CONSTITUTION.

(d) IF THE STATE BOARD OF LAND COMMISSIONERS' STAFF RECOMMENDATION IS IN CONFLICT WITH THE ASSESSMENT OF THE GOVERNING BODY OR BODIES, THE STATE BOARD OF LAND COMMISSIONERS SHALL SUBMIT A WRITTEN RESPONSE, BY CERTIFIED MAIL, TO THE APPROPRIATE GOVERNING BODY OR BODIES AT LEAST FOURTEEN DAYS BEFORE MAKING A FINAL DECISION ON A SELECTION OF LANDS ON WHICH THE LOCAL GOVERNING BODY OR BODIES HAVE PROVIDED WRITTEN COMMENT.

(3) THE STATE BOARD OF LAND COMMISSIONERS SHALL DEVELOP AND IMPLEMENT A STATEWIDE PUBLIC NOMINATING PROCESS FOR LANDS TO BE INCLUDED IN THE LONG-TERM STEWARDSHIP TRUST ESTABLISHED PURSUANT TO SUBSECTIONS (1) AND (2) OF THIS SECTION. USING THIS PROCESS, THE STATE BOARD OF LAND COMMISSIONERS SHALL DESIGNATE AT LEAST TWO HUNDRED THOUSAND ACRES OF LAND TO BE PART OF THE LONG-TERM STEWARDSHIP TRUST ON OR BEFORE JANUARY 1, 1999, AND SHALL DESIGNATE AT LEAST AN ADDITIONAL NINETY-FIVE THOUSAND ACRES ON OR BEFORE JANUARY 1, 2001.

(4) IN SELECTING AND LOCATING LANDS FOR INCLUSION IN THE LONG-TERM STEWARDSHIP TRUST, THE STATE BOARD OF LAND COMMISSIONERS SHALL MAKE ITS DETERMINATION BASED ON CRITERIA AND REQUIREMENTS SET FORTH IN SECTION 10 OF ARTICLE IX OF THE STATE CONSTITUTION, INCLUDING THE PROVISION SPECIFYING THAT THE USE OF LAND IN THE LONG-TERM STEWARDSHIP TRUST SHALL COMPLY WITH VALID LOCAL LAND USE REGULATIONS AND LAND USE PLANS.

(5) THE STATE BOARD OF LAND COMMISSIONERS MAY REMOVE SPECIFIC PARCELS OF LAND FROM THE LONG-TERM STEWARDSHIP TRUST ONLY UPON THE AFFIRMATIVE VOTE OF FOUR MEMBERS OF THE STATE BOARD OF LAND COMMISSIONERS AND UPON THE DESIGNATION OR EXCHANGE OF AN EQUAL OR GREATER AMOUNT OF ADDITIONAL LAND INTO SAID TRUST.

(6) PRIOR TO THE INCLUSION OF ANY LAND IN THE LONG-TERM STEWARDSHIP TRUST, THE STATE BOARD OF LAND COMMISSIONERS SHALL CONSULT EXISTING PUBLISHED INFORMATION CONCERNING THE AGRICULTURAL AND MINERAL RESOURCES POTENTIAL OF SAID LAND, INCLUDING MASTER PLANS DEVELOPED UNDER SECTION 34-1-304, C.R.S. IF INFORMATION AS TO AGRICULTURAL AND MINERAL RESOURCE POTENTIAL IS INADEQUATE, THE BOARD SHALL OBTAIN AN INVENTORY OF THE MINERAL RESOURCES POTENTIAL OF SAID LAND FIRST FROM THE COLORADO GEOLOGICAL SURVEY, OR, IF THE COLORADO GEOLOGICAL SURVEY IS UNABLE TO

COMPLETE SUCH INVENTORY, FROM AN ENTITY OF EQUIVALENT CREDIBILITY. IF SUCH INVENTORY IS NOT COMPLETED WITHIN ONE YEAR AFTER THE REQUEST BY THE STATE BOARD OF LAND COMMISSIONERS OR IS NOT COMPLETED PRIOR TO THE DEADLINE SET FORTH IN SECTION 10 OF ARTICLE IX OF THE STATE CONSTITUTION, THE INCLUSION OF SUCH LAND IN THE LONG-TERM STEWARDSHIP TRUST MAY PROCEED.

**SECTION 8.** 36-1-111, Colorado Revised Statutes, 1990 Repl. Vol., is repealed as follows:

~~**36-1-111. Land appraisers.** The state board of land commissioners shall appoint, pursuant to section 13 of article XII of the state constitution, such appraisers of state lands as are necessary. The appraisers shall be under the direction of the state board of land commissioners. There shall be appropriated a sufficient sum per annum for the purpose of defraying the expenses of the appraisers when visiting the different portions of the state in the discharge of their duties.~~

**SECTION 9.** 36-1-112 (2), Colorado Revised Statutes, 1990 Repl. Vol., as amended, is amended to read:

**36-1-112. Fees - disposition of fees.** (2) All moneys collected by the state board of land commissioners for fees collected as specified in subsection (1) of this section shall be deposited by the ~~register~~ DIRECTOR of the state board of land commissioners with the state treasurer for credit as provided in section 36-1-148.

**SECTION 10.** Article 1 of title 36, Colorado Revised Statutes, 1990 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW SECTION to read:

**36-1-112.5. Fiscal impact study.** PRIOR TO THE LEASE, SALE, OR EXCHANGE OF ANY LANDS FOR COMMERCIAL, RESIDENTIAL, OR INDUSTRIAL DEVELOPMENT, THE STATE BOARD OF LAND COMMISSIONERS SHALL DETERMINE THAT THE INCOME FROM THE PROPOSED LEASE, SALE, OR EXCHANGE CAN REASONABLY BE ANTICIPATED TO EXCEED THE FISCAL IMPACT OF SUCH DEVELOPMENT ON LOCAL SCHOOL DISTRICTS AND STATE FUNDING OF EDUCATION FROM INCREASED SCHOOL ENROLLMENT ASSOCIATED WITH SUCH DEVELOPMENT. WHEN DETERMINING THE FISCAL IMPACT OF THE PROPOSED LEASE, SALE, OR EXCHANGE OF ANY LAND THAT IS A PART OF ANY MINING OPERATION, THE STATE BOARD OF LAND COMMISSIONERS SHALL CONSIDER THE FISCAL AND OTHER BENEFITS TO THE LOCAL SCHOOL DISTRICTS FROM THE DEVELOPMENT OF THE ENTIRE OPERATION.

**SECTION 11.** 36-1-113 (1), Colorado Revised Statutes, 1990 Repl. Vol., is amended, and the said 36-1-113 is further amended BY THE ADDITION OF A NEW SUBSECTION, to read:

**36-1-113. Leases - rental - mineral resources lands.** (1) The state board of land commissioners may lease any portion of the land of the state at a rental to be determined by it, except as provided in sections 36-1-118 and 36-1-147. The lessee shall pay the annual rental to the state board of land commissioners, who shall receipt for the same in the lease. Upon receiving such annual rental, the board shall transmit the same to the state treasurer, as provided by law, and take his receipt therefor. If geothermal resources or ~~stone, coal, oil, gas, or other minerals not mentioned in this section~~ MINERAL RESOURCES are found upon the state land, such land may be leased

for the purpose of ~~obtaining~~ REMOVING therefrom the ~~geothermal resource or stone, coal, oil, gas, or other minerals~~ SUCH RESOURCES, for such length of time and conditioned upon the payment to the board of such royalty upon the product as the state board of land commissioners may determine.

(3) (a) (I) AS USED IN THIS SUBSECTION (3), "LOGICAL MINING AREA" MEANS AN AREA OF LAND IN WHICH METALLIC AND INDUSTRIAL MINERALS, CONSTRUCTION MATERIALS, OR COAL RESOURCES CAN BE DEVELOPED IN AN EFFICIENT, ECONOMICAL, AND ORDERLY MANNER AS AN INTEGRATED OPERATION WITH DUE REGARD TO CONSERVATION OF SUCH RESOURCES. A LOGICAL MINING AREA MAY CONSIST OF STATE LANDS INCLUDING ONE OR MORE STATE SURFACE OR MINERAL LEASES, OR BOTH SUCH TYPES OF LEASES, AND MAY INCLUDE LANDS OWNED BY OTHER PERSONS OR ENTITIES.

(II) AS USED IN THIS SUBSECTION (3), "OIL AND GAS UNIT" MEANS A FEDERAL EXPLORATORY UNIT PURSUANT TO UNIT PLAN REGULATIONS UNDER 43 C.F.R. 3160, UNIT OPERATIONS UNDER SECTION 34-60-118, C.R.S., OR DRILLING AND SPACING UNITS AND POOLING OF INTERESTS UNDER SECTION 34-60-116, C.R.S. AN OIL AND GAS UNIT MAY CONSIST OF STATE LANDS INCLUDING ONE OR MORE STATE SURFACE OR MINERAL LEASES, OR BOTH SUCH TYPES OF LEASES, AND MAY INCLUDE LANDS OWNED BY OTHER PERSONS OR ENTITIES.

(b) WITH RESPECT TO ALL SURFACE AND MINERAL LANDS, OR BOTH, INCLUDED IN WHOLE OR IN PART IN A LOGICAL MINING AREA FOR THOSE OPERATIONS PERMITTED UNDER ARTICLE 32, 32.5, OR 33 OF TITLE 34, C.R.S., AS OF JULY 1, 1997, OR, IN AN OIL AND GAS UNIT ESTABLISHED UNDER APPLICABLE FEDERAL OR STATE LAW AS OF JULY 1, 1997, NOTHING IN THIS ARTICLE SHALL PRECLUDE THE STATE BOARD OF LAND COMMISSIONERS FROM ISSUING A NEW LEASE, RENEWING AN EXISTING LEASE, OR ISSUING A LEASE EXTENSION CONSISTENT WITH ARTICLE IX OF THE STATE CONSTITUTION TO FACILITATE THE COMPLETE AND ORDERLY DEVELOPMENT AND RECLAMATION OF SUCH MINING OPERATIONS OR OF SUCH OIL AND GAS OPERATIONS.

(c) (I) WHEN THE STATE BOARD OF LAND COMMISSIONERS CONSIDERS WHETHER A LEASE FOR SUCH LAND INCLUDED IN A LOGICAL MINING AREA OR IN AN OIL AND GAS UNIT ESTABLISHED UNDER APPLICABLE FEDERAL OR STATE LAW AS OF JULY 1, 1997, SHOULD BE ISSUED, RENEWED, OR EXTENDED TO ACCOMPLISH THE ORDERLY DEVELOPMENT AND RECLAMATION OF A LOGICAL MINING AREA OR TO CONDUCT OIL AND GAS OPERATIONS, THE STATE BOARD OF LAND COMMISSIONERS SHALL SPECIFICALLY CONSIDER IN MAKING ITS FINDINGS:

(A) WHETHER THE BENEFIT TO THE TRUST, INCLUDING THE CURRENT OR PROPOSED INCOME PRODUCED FROM THE MINING OR OIL AND GAS OPERATION, IS OUTWEIGHED BY CURRENT OR PROPOSED USES OTHER THAN THE MINING OR OIL AND GAS OPERATION; AND

(B) WHETHER THE MINING OR OIL AND GAS OPERATION IS INCOMPATIBLE WITH CURRENT OR PROPOSED USES.

(II) NOTHING IN THIS SECTION SHALL AFFECT THE OBLIGATION OF ANY LESSEE FROM COMPLYING WITH ANY FEDERAL, STATE, OR LOCAL LAW, RULE, CODE, OR REGULATION.



**SECTION 12.** 36-1-114, Colorado Revised Statutes, 1990 Repl. Vol., is amended to read:

**36-1-114. Adjustment of rentals.** ~~The state board of land commissioners has the direction, control, and disposition of the public lands of the state as provided for in section 9 of article IX of the state constitution, and~~ When, in its opinion conditions justify, THE STATE BOARD OF LAND COMMISSIONERS has the power to adjust rentals under any existing, expired, or defaulted lease on state lands in a manner to ~~secure the maximum possible revenue as provided for in section 10 of article IX of the state constitution,~~ COMPLY WITH THE REQUIREMENTS OF SECTIONS 9 AND 10 OF ARTICLE IX OF THE STATE CONSTITUTION and may accept payments on delinquent rentals in accordance with such adjustments.

**SECTION 13.** 36-1-117, Colorado Revised Statutes, 1990 Repl. Vol., is amended to read:

**36-1-117. Leases, rentals payable in advance.** All leases of state or school land shall be conditioned upon the payment of rent in advance, and the violation of this condition shall work a forfeiture of the lease, at the option of the state board of land commissioners, after thirty days' notice to the lessees. Notice shall be sent to the last-known post office address of the lessee, as given by ~~himself to the register~~ THE LESSEE TO THE DIRECTOR of the state board of land commissioners.

**SECTION 14.** 36-1-118, Colorado Revised Statutes, 1990 Repl. Vol., is amended BY THE ADDITION OF A NEW SUBSECTION to read:

**36-1-118. Terms of leasing agricultural lands - renewals - sale of leased land.** (1.5) IN ENTERING INTO LEASE AGREEMENTS FOR AGRICULTURAL USE OF ANY LAND OF THE STATE, THE STATE BOARD OF LAND COMMISSIONERS SHALL INCLUDE IN SUCH LEASES TERMS, INCENTIVES, AND LEASE RATES THAT WILL PROMOTE SOUND STEWARDSHIP AND LAND MANAGEMENT PRACTICES, LONG-TERM AGRICULTURAL PRODUCTIVITY, AND COMMUNITY STABILITY.

**SECTION 15.** 36-1-120, Colorado Revised Statutes, 1990 Repl. Vol., is amended to read:

**36-1-120. Leases - lands in city limits.** Lands within city boundaries may be leased for a term not exceeding fifty years. ~~All such leased lands shall be reappraised and classified at least every five years, and the lessee of all such lands shall pay any increased rental or forfeit the land so held. When any lease expires by limitation the holder thereof may renew the same in the following manner: At any time within the ninety days next preceding the expiration of the lease, the lessee, or his assigns, shall notify the register of his desire to renew the lease. If the lessee and the state board of land commissioners agree as to the valuation of the land, a new lease may be issued, bearing even date with the expiration of the old one, and upon like conditions. The former valuation shall not be decreased without the consent of the state board of land commissioners. Nothing in this section shall prohibit the state board of land commissioners from leasing any of the state lands to such party who secures to the state the greatest annual revenue. The state board of land commissioners may, in its discretion, offer the land for sale at the end of any period of five years, upon the application of the lessee, during the term of the lease, upon the same terms and in the~~

~~same manner as though the lease had not been executed.~~

**SECTION 16.** 36-1-120.5 (1), Colorado Revised Statutes, 1990 Repl. Vol., is amended to read:

**36-1-120.5. Land subject to development - leases.** (1) The general assembly hereby finds and declares that some of the public lands under the direction, control, and disposition of the state board of land commissioners are within the path of impending development and therefore are of unique economic value to the state for the funding of public schools. The general assembly recognizes that the state board of land commissioners needs flexibility to manage such lands so as to ~~realize the maximum amount of return from such lands~~ COMPLY WITH THE REQUIREMENTS OF SECTIONS 9 AND 10 OF ARTICLE IX OF THE STATE CONSTITUTION, to prevent undue speculation by others on public lands under the control of the state board of land commissioners, and to protect the public's interest in such lands.

**SECTION 17.** 36-1-121 (2), Colorado Revised Statutes, 1990 Repl. Vol., is amended to read:

**36-1-121. Trespass - penalty - bond.** (2) In each case, where a bond has been furnished to the state board of land commissioners, the ~~bondsmen~~ SURETY of the lessee shall be equally liable with ~~himself~~ THE LESSEE, and, in addition to the foregoing penalty, the state shall be allowed to collect as rental for the use of such lands a sum equal to the appraised value thereof for rental purposes, as fixed by the state board of land commissioners. ~~and which value shall not be less than five cents per acre per annum.~~ All suits under the provisions of this article shall be instituted under the direction of the attorney general, in the name of the people of the state of Colorado.

**SECTION 18.** 36-1-122, Colorado Revised Statutes, 1990 Repl. Vol., is amended to read:

**36-1-122. Platting and sale in lots and blocks.** The state board of land commissioners may cause any portion of the state or school lands to be laid out in lots and blocks or other tracts by a recorded plat to be sold ~~from time to time at public auction in such quantities and at such times as shall enable the state to realize the best prices for such lands.~~ AT PUBLIC AUCTION OR EXCHANGED.

**SECTION 19.** 36-1-123, Colorado Revised Statutes, 1990 Repl. Vol., is repealed as follows:

**36-1-123. Purchase of necessary land by U. S.** ~~Any state lands needed by the United States for irrigation works, other than the right-of-way for roads, bridges, canals, ditches, tunnels, pipelines, and telephone and transmission lines, shall be sold to the United States at a price not less than three dollars and fifty cents per acre, and without advertising or offering the same at public auction, and the state board of land commissioners shall direct the governor, secretary of state, and register to execute and sign, as provided in this article, on behalf of the state, a proper deed or other instrument of writing for such lands.~~

**SECTION 20.** 36-1-124 (1) and (2), Colorado Revised Statutes, 1990 Repl. Vol.,

are amended, and the said 36-1-124 is further amended BY THE ADDITION OF A NEW SUBSECTION, to read:

**36-1-124. Sale of state lands.** (1) The state board of land commissioners may at any time direct the sale of any state lands, except as provided in this article, in such parcels as ~~they~~ THE BOARD shall deem PROPER. ~~for the best interest of the state and the promotion of the settlement thereof. No lands belonging to the state, within the areas to be irrigated from works constructed or controlled by the United States or its duly authorized agents, shall on or after March 31, 1919, be sold except in conformity with the classification of farm units by the United States. After the withdrawal of lands by the United States for any irrigation project, no application for the purchase of state lands within the limits of such withdrawal shall be accepted, except upon the conditions prescribed in this section.~~ All sales under this article, except those to the United States, shall be advertised in four consecutive issues of some weekly paper of the county in which such land is situated, if there is such paper, and, if not, then in some paper published in an adjoining county and in such other papers as the board may direct.

(2) The advertisement shall state the time, place, and terms of sale and the minimum price fixed by the board for each parcel, lot, block, or tract below which no bid shall be received. ~~In all cases the land shall be offered in parcels, lots, blocks, or tracts consisting of not more than one section of land. Sales of state land shall be made only to citizens of the United States or to those who have declared their intention to become such, or to corporations organized under the statutes of the state or under the statutes of any other state in the United States, or under United States statutes, or to partnerships composed of persons who are either citizens of the United States or have declared their intention to become such; and All patents and certificates of purchase issued before March 31, 1919, to such persons, entities, or partnerships are validated. If any land is sold on which authorized improvements have been made by lessees, the improvements shall be appraised under the direction of the state board OF LAND COMMISSIONERS. When lands on which such improvements have been made are sold, the purchasers, if other than the owner of the improvements, shall pay the appraised value of the improvements to the owner thereof, taking a receipt therefor, and he SUCH PURCHASER shall deposit such receipt with the state board of land commissioners before he SUCH PURCHASER is entitled to a patent or certificate of purchase. All such receipts shall be filed and preserved in the office of the state board of land commissioners.~~

(4) AFTER ANY LANDS ARE DESIGNATED AS BEING INCLUDED AS PART OF THE LONG-TERM STEWARDSHIP TRUST ESTABLISHED IN SECTION 36-1-107.5, THE STATE BOARD OF LAND COMMISSIONERS SHALL NOT PROCEED WITH THE SALE OR EXCHANGE OF ANY LANDS SO DESIGNATED UNLESS SUCH LANDS ARE FIRST REMOVED FROM THE TRUST PURSUANT TO SECTION 36-1-107.5.

**SECTION 21.** Article 1 of title 36, Colorado Revised Statutes, 1990 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW SECTION to read:

**36-1-124.5. Nonsimultaneous exchanges of state trust lands - fund.** (1) THE STATE BOARD OF LAND COMMISSIONERS SHALL HAVE THE AUTHORITY TO UNDERTAKE NONSIMULTANEOUS EXCHANGES OF LAND. FOR THE PURPOSES OF SECTION 22-41-101 (2), C.R.S., PROCEEDS OF LAND SOLD OR OTHERWISE DISPOSED AS PART OF A

NONSIMULTANEOUS TRANSFER PURSUANT TO THIS SECTION ARE NOT PART OF THE DESIGNATED TRUST FUND UNTIL THE NONSIMULTANEOUS TRANSFER IS COMPLETED PURSUANT TO SUBSECTION (4) OF THIS SECTION.

(2) ALL REVENUES DERIVED FROM THE SALE OR OTHER DISPOSITION OF STATE TRUST LAND THAT IS DESIGNATED BY THE STATE BOARD OF LAND COMMISSIONERS AS BEING PART OF A NONSIMULTANEOUS EXCHANGE SHALL BE TRANSMITTED BY THE DIRECTOR OF THE STATE BOARD OF LAND COMMISSIONERS TO THE STATE TREASURER, WHO SHALL CREDIT THE SAME TO A SEPARATE ACCOUNT IN THE NONSIMULTANEOUS STATE TRUST LAND EXCHANGE CASH FUND, WHICH FUND IS HEREBY CREATED. ALL INTEREST DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEYS IN THE FUND SHALL BE CREDITED TO THE APPROPRIATE ACCOUNT IN THE FUND. MONEYS HELD IN THE FUND SHALL NOT BE USED FOR THE OPERATING EXPENSES OF THE BOARD OR FOR EXPENSES INCIDENT TO THE DISPOSITION OR ACQUISITION OF LANDS. MONEYS IN THE FUND ARE HEREBY CONTINUOUSLY APPROPRIATED TO THE STATE BOARD OF LAND COMMISSIONERS FOR THE PURPOSES OF THIS SECTION.

(3) LAND THAT IS DESIGNATED BY THE STATE BOARD OF LAND COMMISSIONERS TO BE PURCHASED AT THE COMPLETION OR PARTIAL COMPLETION OF A DESIGNATED NONSIMULTANEOUS EXCHANGE SHALL BE PAID FOR BY MONEYS IN THE APPROPRIATE ACCOUNT IN THE FUND.

(4) UPON A DETERMINATION BY THE STATE BOARD OF LAND COMMISSIONERS THAT A NONSIMULTANEOUS EXCHANGE IS COMPLETED, BUT IN ANY EVENT NO LATER THAN TWO YEARS AFTER THE SALE OR OTHER DISPOSITION OF LAND DESIGNATED AS PART OF A NONSIMULTANEOUS EXCHANGE, ANY MONEYS REMAINING IN A DESIGNATED ACCOUNT IN THE FUND SHALL BE CREDITED BY THE STATE TREASURER TO THE TRUST FUND MAINTAINED BY THE STATE TREASURER FOR THE PROCEEDS OF THE TRUST LANDS DISPOSED OF OR SOLD.

**SECTION 22.** 36-1-125, Colorado Revised Statutes, 1990 Repl. Vol., is amended to read:

**36-1-125. Reservations of rights on sale.** (1) All sales of state lands shall be held at the state capitol unless otherwise directed by the state board of land commissioners. The state board of land commissioners ~~may, in its discretion, reserve, in the advertisement of sale of any state or school lands, rights-of-way for irrigation and drainage ditches, canals, reservoirs, and other structures and for any roads or highways, and it shall reserve to the state all rights to all minerals, ores, and metals of any kind and character, and all coal, asphaltum, oil, gas, or other like substances in or under said SUCH land, and all geothermal resources and the right of ingress and egress for the purpose of mining, together with enough of the surface of the same as may be necessary for the proper and convenient working of such minerals and substances.~~

(2) All patents and certificates of purchase on state or school lands issued before March 31, 1919, and in which a reservation of rights to minerals, ores, and metals of any kind or character whatsoever, or coal, asphaltum, oil, gas, and other like substances, or geothermal resources has been made are validated. The holders of such certificates of purchase or the owners of said lands so patented shall by contract, deed, or other agreement acknowledge or reconvey to the state the minerals and

substances so reserved, and the state board of land commissioners is authorized to accept on behalf of the state such deeds and conveyances and to make such agreements as may be necessary to carry out the provisions of this article.

~~(2) (3) When the conditions prescribed by statute have been complied with, the state board of land commissioners shall make and deliver to the purchaser a certificate of purchase, containing the name of the purchaser, a description of the land purchased, the sum paid, the amount remaining due, and the date on which each of the deferred payments falls due, and the amount thereof. Such certificate shall be signed by the president and countersigned by the register of the board and a record of the same kept by him in a suitable book. When a purchaser of any state land has complied with all the conditions of the sale and paid all purchase money with the lawful interest thereon, he shall receive a patent for the land purchased. The patent shall be signed by the governor, attested by the secretary of state, and countersigned by the register and have the great seal of the state and the seal of the state board of land commissioners thereto attached. When so signed, the patent shall convey title; but All patents and certificates of purchase issued before March 31, 1919, describing the lands with reference to legal subdivisions shown by the United States official survey, or by lots, blocks, or tracts shown on a recorded plat, or by metes and bounds descriptions, are validated.~~

**SECTION 23.** 36-1-127, Colorado Revised Statutes, 1990 Repl. Vol., is amended to read:

**36-1-127. Forfeiture - new sale.** If any purchaser of state land, after receiving a certificate of purchase, ~~as provided in section 36-1-125,~~ fails to make any one of the payments stipulated therein, and the same remains unpaid for thirty days after the time when it should have been paid, as specified in the certificate, the state board of land commissioners, after issuing notice of forfeiture and allowing thirty days additional to pay the indebtedness as provided in section 36-1-126, may sell the land again. In the case of a sale, all previous payments made on account of such land shall be forfeited to the state. The land shall revert to the state and the title thereof shall be in the state as if no sale had ever been made.

**SECTION 24.** 36-1-128, Colorado Revised Statutes, 1990 Repl. Vol., is amended to read:

**36-1-128. Place of payment - venue.** All moneys due and payable to the state board of land commissioners shall be paid at the office of the state board of land commissioners in the ~~state capitol~~ in the city and county of Denver, Colorado, and all actions for the recovery of same, or for the cancellation of certificates of purchase, or for the cancellation of leases, or for the recovery of the possession of the land, actions of forcible entry and detainer, or ejectment shall be brought in any court of competent jurisdiction in the city and county of Denver in the state of Colorado.

**SECTION 25.** 36-1-130, Colorado Revised Statutes, 1990 Repl. Vol., is repealed as follows:

**36-1-130. Lost certificate of purchase.** ~~When a certificate of purchase is lost or wrongfully withheld by any person from the owner thereof, the state board of land commissioners may receive evidence of such loss or wrongful detention and, upon~~

satisfactory proof of the fact, may cause a certificate of purchase or patent, as the case may be, to be issued to such person as appears to it to be the proprietor of the land described in the original certificate of purchase.

**SECTION 26.** 36-1-131, Colorado Revised Statutes, 1990 Repl. Vol., is amended to read:

**36-1-131. State land board hearings - rules.** The state board of land commissioners may hear and determine the claims of all persons who ~~claim to be entitled in whole or in part to any lands owned by this state and the decisions of the board shall be held to be final, until set aside by a court of competent jurisdiction.~~ CLAIM A LEGAL INTEREST IN THE LAND OR TRUST ADMINISTERED BY THE STATE BOARD OF LAND COMMISSIONERS AND WHO ARE AGGRIEVED BY AN ACTION OF THE BOARD. THE STATE BOARD OF LAND COMMISSIONERS MAY APPOINT ONE OR MORE OF ITS MEMBERS, THE DIRECTOR, A HEARING OFFICER, OR OTHER APPOINTEE TO RENDER AN INITIAL DECISION ON ANY MATTER BEFORE THE BOARD. SUCH DECISION MAY BE APPEALED TO THE BOARD. ANY HEARING OR APPEAL SHALL BE CONDUCTED IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 4 OF TITLE 24, C.R.S.

(2) The board ~~also has power to establish such rules and regulations~~ MAY PROMULGATE SUCH RULES as in its opinion may be proper to ~~prevent fraudulent applications;~~ ACCOMPLISH ANY OF ITS DUTIES AND POWERS.

**SECTION 27.** 36-1-132, Colorado Revised Statutes, 1990 Repl. Vol., is amended to read:

**36-1-132. Lands sold subject to taxation.** All lands sold under the provisions of this article or any interest therein shall be subject to taxation, and the ~~register~~ DIRECTOR of the state board of land commissioners shall furnish to the county assessor of each county on May 1 of each year a list of the equities owned or acquired in all lands so sold, to whom sold, the price per acre, and the amount paid. Each county shall pay the expense incurred in compiling such list.

**SECTION 28.** 36-1-133, Colorado Revised Statutes, 1990 Repl. Vol., is amended to read:

**36-1-133. Rebate of taxes on reverted land.** In case any lands sold under the provisions of this article are reverted to the state for any cause whatsoever, the ~~register~~ DIRECTOR of the state board of land commissioners shall at once notify the county treasurer of the county in which the land is situated, and upon receipt of such notice it is the duty of the county treasurer to at once rebate all taxes that have been charged against the lands so reverted.

**SECTION 29.** 36-1-136, Colorado Revised Statutes, 1990 Repl. Vol., is amended to read:

**36-1-136. Rights-of-way granted - reversion.** The state board of land commissioners may grant rights-of-way across or upon any portion of state land for any ditch, reservoir, railroad, communication system, electric power line, pipeline, or other installation necessary for the operation of said services or utilities and may grant rights-of-way on any tracts of state land to any PERSON, public agency or

instrumentality of the United States, or to this state, or to any of the institutions, agencies, counties, municipalities, districts, or other political subdivisions of this state for the purpose of building schoolhouses or public roads or highways or for any ~~public~~ LAWFUL use or purpose. Any right-of-way so granted shall be on such terms as the board shall determine and shall be subject to the filing fee specified in section 36-1-112 (1) (q). Said board may execute and sign, as provided by this article, on behalf of this state, an instrument in writing for such right-of-way or grant. This section shall not be construed to grant authority to said board to convey title to any such land by a grant of right-of-way. Whenever rights-of-way granted for any purposes mentioned in this section cease to be used for such purposes, the rights-of-way shall terminate, and all rights shall revert to this state or its successors in interest.

**SECTION 30.** 36-1-137 (1) and (2), Colorado Revised Statutes, 1990 Repl. Vol., are repealed as follows:

**36-1-137. Sale of lands to procure irrigation.** (1) ~~For the purpose of furnishing irrigation for state lands, the state board of land commissioners is authorized, when, in its judgment, the interest of the state may be subserved thereby, to sell at public sale, at such place as the board may fix, at not less than the appraised value thereof, which in no case shall be less than the minimum price of three dollars and fifty cents per acre, any tract of arid land belonging to the state. Not more than one-half section of land shall be sold, and in alternate quarter sections, to any responsible person, on condition that the person construct an irrigation ditch in such locality, and of sufficient capacity to furnish water for the entire tract, and so located that the tract may be irrigated therefrom.~~

(2) ~~Before any of the state lands shall be offered for sale, the party desiring to purchase the lands and construct a ditch shall enter into a contract with the board guaranteeing to bid at least the minimum price per acre, and to complete such ditch within given time, fixed by the board in the contract. The contract shall further provide that the party constructing such ditch shall furnish water for the remaining one-half section of the state lands at such reasonable rates as the board and the parties holding such ditch or canal may agree upon. Such contract shall be drawn by the attorney general, and signed by the president and register of the board, and by the party desiring to construct such ditch.~~

**SECTION 31.** 36-1-138, Colorado Revised Statutes, 1990 Repl. Vol., is amended to read:

**36-1-138. Mineral section - personnel - duties.** (1) (a) The state board of land commissioners is authorized to establish, under the jurisdiction of the ~~register~~ DIRECTOR of the state board of land commissioners, a mineral section and appoint a superintendent of the same who shall have been a resident of the state for more than ten years last past, who shall be a mining man of known ability for at least ten years MINERALS DIRECTOR WITH EXPERIENCE IN MINERAL RESOURCES PRODUCTION, MANAGEMENT, DEVELOPMENT, OR RECLAMATION. ~~and who shall be thoroughly familiar with mining and the underground workings of mines.~~ It is the duty of the ~~superintendent~~ MINERALS DIRECTOR OR SUCH DIRECTOR'S DESIGNEE OR CONTRACTOR to inspect in person all mines and other works operated under leases from the state for the production of ~~precious metals, coal, iron, oil, or other mineral products~~

MINERAL RESOURCES upon which rentals are due to the state upon a basis of a royalty upon the production therefrom, as often from time to time as ~~he~~ THE MINERALS DIRECTOR shall deem it necessary for the purpose of estimating and checking royalties therefrom, and keep such maps OR OTHER INFORMATION of the workings of all ~~mines~~ SUCH OPERATIONS as will give the ~~land department~~ MINERALS SECTION full information concerning the same.

(b) IN THE EVENT THE MINERALS DIRECTOR UTILIZES A CONTRACTOR TO CONDUCT SUCH INVESTIGATION, THE COMPENSATION TO SUCH CONTRACTOR SHALL NOT BE BASED ON THE NUMBER OR AMOUNT OF AUDIT FINDINGS REFERRED TO THE DIRECTOR FOR ACTION.

(2) Lessees of all mineral RESOURCES lands ~~including coal lands~~, shall be required to furnish the ~~mineral superintendent of this section~~ MINERALS DIRECTOR with copies or blueprints of all maps of underground surveys of leased land, made or authorized by such lessee, including engineer's field notes, certified to by the engineer who made the survey. ~~He~~ THE MINERALS DIRECTOR OR SUCH DIRECTOR'S DESIGNEE OR CONTRACTOR shall ~~supervise all mining~~ REVIEW ACTIVITIES RELATED TO MINERAL RESOURCES LEASES. ~~and require the same to be done in accordance with the best methods of mining.~~ ~~He~~ THE MINERALS DIRECTOR shall also check the royalties reported as due under such lease for the preceding month and compare the same with the surveys and other inspections made by ~~him~~ THE MINERALS DIRECTOR and shall report ~~on or before the twentieth day of such month~~ the result of such examination and checking to the DIRECTOR OF THE state board of land commissioners. Every mine AND OIL AND GAS OPERATION and other works upon the ~~public domain of the state~~ LANDS MANAGED BY THE STATE BOARD OF LAND COMMISSIONERS held under lease therefrom by any person, association, partnership, or corporation shall be at all times subject to the inspection of the ~~superintendent~~ MINERALS DIRECTOR OR SUCH DIRECTOR'S DESIGNEE OR CONTRACTOR. ~~He~~ THE MINERALS DIRECTOR OR THE DIRECTOR'S DESIGNEE OR CONTRACTOR shall inspect and examine all lands held under lease from the state, providing for the payment of royalties from the production therefrom, and report to the DIRECTOR OF THE state board of land commissioners the condition of said lands and the amount of work and development done thereon by such lessees and make such recommendations relative thereto as ~~he~~ THE MINERALS DIRECTOR may deem advisable. ~~A further sum of one thousand dollars annually shall be allowed the superintendent for expenses and employment of an assistant when needed for surveys, to be paid only upon voucher approved by the board and countersigned by the register. Before entering upon his duties as superintendent, the appointee of the state board of land commissioners shall give bond to the state in the penal sum of ten thousand dollars, conditioned upon the faithful discharge of his duties~~ THE MINERALS DIRECTOR OR SUCH DIRECTOR'S DESIGNEE OR CONTRACTOR SHALL UPON TEN DAYS NOTICE HAVE ACCESS DURING NORMAL BUSINESS HOURS TO RECORDS AND BOOKS NECESSARY TO DETERMINE THE ROYALTY DUE FROM THE PRODUCTION AND DISPOSITION OF ALL SUBSTANCES PRODUCED FROM STATE TRUST LANDS, WHICH RECORD OR BOOK IS IN THE POSSESSION OR UNDER THE CONTROL OF THE LESSEE OR THE LESSEE'S ASSIGN. IF AFTER REASONABLE EFFORT THE MINERALS DIRECTOR OR SUCH DIRECTOR'S DESIGNEE OR CONTRACTOR IS UNABLE TO OBTAIN SUFFICIENT INFORMATION FROM THE LESSEE OR ASSIGN TO DETERMINE THE ROYALTY DUE, THE DIRECTOR OR DESIGNEE OR CONTRACTOR MAY PETITION THE STATE BOARD OF LAND COMMISSIONERS FOR AN ORDER, WHICH UPON NOTICE AND HEARING, SHALL GRANT ACCESS TO INFORMATION, RECORDS, AND BOOKS PERTAINING TO ROYALTIES



THAT ARE IN THE POSSESSION OR UNDER THE CONTROL OF ANY ENTITY THAT PURCHASES, DISTRIBUTES, PROCESSES, OR TRANSPORTS THE SUBSTANCE PRODUCED FROM THE STATE TRUST LAND. EXCEPT AS IS NECESSARY TO DETERMINE AND REPORT TO THE BOARD ROYALTIES DUE TO THE BOARD, ALL INFORMATION ACQUIRED BY THE DIRECTOR OR DIRECTOR'S DESIGNEE OR CONTRACTOR UNDER THIS SUBSECTION (2) SHALL BE PROTECTED AS CONFIDENTIAL INFORMATION AND SHALL NOT BE A MATTER OF PUBLIC RECORD IN THE ABSENCE OF A WRITTEN RELEASE FROM THE ENTITY FROM WHICH THE INFORMATION WAS OBTAINED OR UNTIL OTHERWISE ORDERED BY A COURT.

**SECTION 32.** 36-1-139, Colorado Revised Statutes, 1990 Repl. Vol., is repealed as follows:

**36-1-139. Royalties on coal - ton defined.** ~~(1) Any person, association, copartnership, or corporation leasing and operating coal lands under the provisions of this article shall pay to the deputy register of the state board of land commissioners a minimum price of not less than fifteen cents for every ton of coal mined from said lands; except that the lands of the Fort Lewis school, in La Plata county, may be leased at a royalty of not less than ten cents per ton, to be paid monthly, on or before the twenty-fifth day of each month, for the coal mined during the preceding calendar month and except that any person, association, copartnership, or corporation mining coal for the purpose of and to be used in the production of chemicals and synthetic fuels and for the development of power at such plant of operation shall pay to the deputy register of the state board of land commissioners a minimum price of not less than five cents for every ton of coal mined from said lands, if not less than two hundred fifty thousand tons per annum are mined by such person, association, copartnership, or corporation. Any amount less than two hundred fifty thousand tons shall be subject to the fifteen-cent royalty. Every lessee of any such coal lands shall pay royalty based upon the maximum extraction possible by means of modern mining methods and with consideration of the local conditions of the coal seam or seams being operated. All coal produced from lands leased for the operation of plants to produce chemicals and synthetic fuels and for the development of power shall be used in such plants exclusively and shall not be sold on the open market.~~

~~(2) Should the person, association, copartnership, or corporation leasing coal lands fail to mine during any one year the minimum amount that may be provided for in the terms of the lease, then the amount as paid shall be applied as an advance payment of royalty upon coal actually mined in any subsequent year in excess of the minimum provided for in said lease.~~

~~(3) The term "ton" as used in this section means twenty-seven cubic feet of coal, measured in solid, and shall be ascertained by the measurements of the space from which the coal is mined, deducting therefrom all space occupied by slate or other impurities. Such measurements shall be made by the mineral section, according to the provisions of this article. When possible and when the state board of land commissioners shall so order, the coal tonnage may be determined by the coal miners' payroll check number or railroad shipment, and such miners' check number and coal tonnage, determined by weight at the mine tipple, shall be clearly enumerated in the required monthly sworn royalty statements.~~

**SECTION 33.** 36-1-141, Colorado Revised Statutes, 1990 Repl. Vol., is amended

to read:

**36-1-141. Exchange of lands with government.** The state board of land commissioners is authorized to exchange any lands, the income from which is devoted to the public schools of the state, the state universities, the state agricultural college, penitentiary, internal improvements, or saline or any other lands which may be under the control of the state board of land commissioners and which may have been granted to the state by the congress of the United States, for such unappropriated federal lands in the state as the state board of land commissioners may select. The register DIRECTOR of said board is empowered to sign all papers necessary to such transfer, under the direction of the board.

**SECTION 34.** 36-1-145, Colorado Revised Statutes, 1990 Repl. Vol., as amended, is amended to read:

**36-1-145. Land commissioners' receipts - appropriation.** (1) All moneys collected by the state board of land commissioners shall be deposited with the state treasurer. Moneys received by the state board of land commissioners for fees and services shall be credited by the state treasurer to the land and water management fund created in section 36-1-148. All other moneys deposited by the state board of land commissioners shall be credited by the state treasurer to the proper funds as provided by law.

(2) (a) ~~(F) Effective July 1, 1995, no more than one hundred and six percent of the "base amount" shall be allocated to~~ The state land board TRUST administration fund IS HEREBY CREATED IN THE STATE TREASURY for the purposes specified in paragraph (b) of this subsection (2). ~~which fund is hereby created. For fiscal years beginning after July 1, 1995, no more than one hundred and six percent of the immediately preceding year's base amount shall be allocated to the fund.~~

~~(H) For purposes of this paragraph (a), "base amount" means the amount which was appropriated to the state land board administration fund and the land and water management fund during the 1994-95 fiscal year.~~

(b) The general assembly shall annually appropriate moneys from the state land board TRUST administration fund sufficient to pay for the salaries of ~~commissioners and~~ employees of the state board of land commissioners AND EXPENSES AND PER DIEM ALLOWANCES OF COMMISSIONERS and all other expenses incurred in administering the provisions of articles 1 to 8 of this title and sections 9 and 10 of article IX of the Colorado constitution. Each land grant administered by the state board of land commissioners shall be charged with the expense of its administration.

~~(c) For the fiscal year 1988-89 and each fiscal year thereafter, any amount of moneys up to three hundred thousand dollars in the state land board trust administration fund shall be held as an emergency reserve fund. Any moneys in excess of three hundred thousand dollars remaining in the state land board trust administration fund at the end of the state fiscal year shall be allocated to the trust funds under the control of the state board of land commissioners in an amount equal to the proportion of such moneys that would have been paid into such trust funds but for their allocation to the state land board trust administration fund.~~

(d) ~~This subsection (2) is repealed, effective June 30, 2000.~~

(3) THE GENERAL ASSEMBLY SHALL ALLOCATE MONEYS TO THE STATE LAND BOARD TRUST ADMINISTRATION FUND FROM THE INCOME GENERATED BY THE STATE TRUST LANDS. THE ALLOCATIONS TO THE FUND AND THE APPROPRIATIONS TO THE STATE BOARD OF LAND COMMISSIONERS SHALL BE SUFFICIENT TO ENABLE THE STATE BOARD OF LAND COMMISSIONERS TO PERFORM ITS DUTIES.

**SECTION 35.** 36-1-146, Colorado Revised Statutes, 1990 Repl. Vol., is repealed as follows:

**36-1-146. Acquisition of right-of-way.** ~~(1) At the direction of the governor, the state board of land commissioners is authorized to acquire a right-of-way for the purpose of obtaining access to public lands located in section 16, township 6 south, range 69 west of the sixth principal meridian, Jefferson county, Colorado, by donation, purchase, or by the exercise of the power of eminent domain through condemnation proceedings in accordance with law.~~

~~(2) There is appropriated out of the land commissioners' expense fund as set forth in section 36-1-145 the sum of fifteen thousand dollars, or so much thereof as is necessary, to be used by said board for the acquisition of such right-of-way and for all necessary and actual expenses in connection therewith. This appropriation shall be made available on or after March 28, 1963, and shall remain available until the acquisition of the right-of-way authorized by this section.~~

**SECTION 36.** 36-1-148 (1), Colorado Revised Statutes, 1990 Repl. Vol., is amended to read:

**36-1-148. Land and water management fund.** (1) There is hereby created the state board of land commissioners land and water management fund. Such fund is to be generated from fees collected under the provisions of section 36-1-112. The fund is to be under the control of and to be administered by the state board of land commissioners. The fund is to be used only for the management and the improvement of state-owned lands and waters under the control of the state board of land commissioners. Each such improvement or management program is to be for the purpose of ~~securing the optimum possible revenue from such land or water as provided in section 10 of article IX of the state constitution~~ COMPLYING WITH THE PROVISIONS OF SECTIONS 9 AND 10 OF ARTICLE IX OF THE STATE CONSTITUTION; except that, for each such improvement made to state-owned lands utilized for agricultural purposes, the lessee shall contribute no less than twenty percent of the cost of such improvement, by written agreement with the state board of land commissioners.

**SECTION 37.** Article 1 of title 36, Colorado Revised Statutes, 1990 Repl. Vol., as amended, is amended BY THE ADDITION OF THE FOLLOWING NEW SECTIONS to read:

**36-1-150. Conservation easements.** THE STATE BOARD OF LAND COMMISSIONERS MAY SELL OR LEASE CONSERVATION EASEMENTS, LICENSES, OR OTHER SIMILAR INTERESTS IN LAND IN ACCORDANCE WITH THE PROVISIONS OF SECTIONS 9 AND 10 OF ARTICLE IX OF THE STATE CONSTITUTION.

**36-1-151. Public schools - access to state lands.** THE STATE BOARD OF LAND COMMISSIONERS SHALL ALLOW ACCESS TO STATE TRUST LANDS BY PUBLIC SCHOOLS WITHOUT CHARGE FOR OUTDOOR EDUCATIONAL PURPOSES SO LONG AS SUCH ACCESS DOES NOT CONFLICT WITH USES PREVIOUSLY APPROVED BY THE BOARD ON SUCH LANDS.

**36-1-152. Public school districts - lease, purchase, or other use of state lands.** THE STATE BOARD OF LAND COMMISSIONERS SHALL PROVIDE OPPORTUNITIES FOR PUBLIC SCHOOL DISTRICTS WITHIN WHICH SCHOOL TRUST LANDS ARE LOCATED TO LEASE, PURCHASE, OR OTHERWISE USE SUCH LANDS OR PORTIONS THEREOF AS ARE NECESSARY FOR SCHOOL BUILDING SITES, AT AN AMOUNT TO BE DETERMINED BY THE BOARD, WHICH SHALL NOT EXCEED THE APPRAISED FAIR MARKET VALUE, WHICH AMOUNT MAY BE PAID OVER TIME.

**SECTION 38.** 22-41-101, Colorado Revised Statutes, 1995 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

**22-41-101. Composition of fund.** (3) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (2) OF THIS SECTION, THE PROCEEDS FROM THE SALE OR OTHER DISPOSITION OF STATE LAND PURSUANT TO A NONSIMULTANEOUS EXCHANGE PURSUANT TO SECTION 36-1-124.5, C.R.S., SHALL NOT BE DEEMED A PART OF THE DESIGNATED TRUST FUND EXCEPT AS PROVIDED IN SECTION 36-1-124.5 (4), C.R.S.

**SECTION 39.** The introductory portion to 22-41-104 (1), Colorado Revised Statutes, 1995 Repl. Vol., is amended, and the said 22-41-104 (1) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

**22-41-104. Lawful investments.** (1) The state treasurer in his THE TREASURER'S discretion may invest and reinvest moneys accrued or accruing to the public school fund in any of the following forms of investment:

(c.3) BONDS ISSUED BY SCHOOL DISTRICTS;

**SECTION 40.** 22-41-104.5 (1), Colorado Revised Statutes, 1995 Repl. Vol., is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

**22-41-104.5. Other financial transactions.** (1) The state treasurer may engage in financial transactions whereby:

(b.5) LOANS ARE MADE TO SCHOOL DISTRICTS UNDER THE PROVISIONS OF SECTION 3 OF ARTICLE IX OF THE STATE CONSTITUTION;

**SECTION 41.** 22-41-109, Colorado Revised Statutes, 1995 Repl. Vol., is RECREATED AND REENACTED, WITH AMENDMENTS, to read:

**22-41-109. Bond guarantee loans.** (1) THE GENERAL ASSEMBLY HEREBY FINDS THAT SCHOOL DISTRICTS OF THIS STATE ARE EXPERIENCING GREAT NEED FOR IMPROVED SCHOOL FACILITIES; THAT, ALTHOUGH THE ISSUANCE OF SCHOOL BONDS CAN PAVE THE WAY FOR IMPROVED FACILITIES, SUCH BONDS MUST BE MARKETABLE AND THEIR INTEREST RATE MUST BE COMPETITIVE IN ORDER TO BENEFIT THE DISTRICT; THAT, IF THE RISK ASSUMED BY SCHOOL BOND PURCHASERS WAS DIMINISHED,

INTEREST RATES WOULD GENERALLY BE REDUCED; THAT THE USE OF PERMANENT SCHOOL FUNDS TO GUARANTEE PAYMENTS OF PRINCIPAL AND INTEREST, WITH APPROPRIATE SAFEGUARDS FOR THE PUBLIC SCHOOL FUND, IS CONSISTENT WITH THE PURPOSE FOR WHICH THE FUND WAS CREATED; AND THAT SECTION 3 OF ARTICLE IX OF THE STATE CONSTITUTION SPECIFICALLY AUTHORIZES THE USE OF THE PUBLIC SCHOOL FUND OF THE STATE FOR THE PURPOSES OF THIS SECTION.

(2) THE STATE TREASURER IS AUTHORIZED TO CONTRACT WITH SCHOOL DISTRICTS IN THIS STATE FOR THE GUARANTEE OF PAYMENTS OF PRINCIPAL AND INTEREST ON THE DISTRICT'S BONDS AS SUCH PAYMENTS BECOME DUE. THE STATE TREASURER SHALL NOT ENTER INTO SUCH CONTRACT IF THE GUARANTEE WOULD RESULT IN THE TOTAL AMOUNT OF OUTSTANDING GUARANTEED BONDS EXCEEDING AN AMOUNT EQUAL TO THREE TIMES THE MARKET VALUE OF THE PUBLIC SCHOOL FUND. EACH YEAR THE STATE TREASURER SHALL ANALYZE THE STATUS OF GUARANTEED BONDS AS COMPARED TO THE BOOK VALUE AND MARKET VALUE OF THE PUBLIC SCHOOL FUND AND SHALL CERTIFY WHETHER THE AMOUNT OF BONDS GUARANTEED IS WITHIN THE LIMIT PRESCRIBED BY THIS SUBSECTION (2).

(3) THE BOARD OF EDUCATION OF A SCHOOL DISTRICT DESIRING TO ENTER INTO A GUARANTEE CONTRACT AUTHORIZED BY THIS SECTION SHALL INCLUDE, IN THE RESOLUTION SUBMITTING THE QUESTION OF ISSUING BONDS TO THE REGISTERED ELECTORS OF THE SCHOOL DISTRICT, A STATEMENT THAT THE SCHOOL DISTRICT INTENDS TO CONTRACT WITH THE STATE TREASURER FOR THE GUARANTEE OF PRINCIPAL AND INTEREST PAYMENTS TO HOLDERS OF SUCH BONDS. THE RESOLUTION SHALL SET FORTH, AND ANY RESULTING GUARANTEE CONTRACT SHALL PROVIDE, THAT THE DISTRICT SHALL REPAY ANY LOAN OF PUBLIC SCHOOL FUNDS WITH INTEREST AS PROVIDED IN SUBSECTION (4) OF THIS SECTION BY THE END OF THE CALENDAR YEAR NEXT FOLLOWING THE CLOSE OF THE FISCAL YEAR IN WHICH THE LOAN WAS MADE, OUT OF ANY AVAILABLE FUNDS OF THE SCHOOL DISTRICT OR OUT OF THE PROCEEDS OF A LEVY ON THE TAXABLE PROPERTY OF THE SCHOOL DISTRICT AT A RATE SUFFICIENT TO PRODUCE THE AMOUNT REQUIRED TO REPAY THE LOAN. NO GUARANTEE CONTRACT SHALL BE EXECUTED PURSUANT TO THIS SECTION UNLESS THE REGISTERED ELECTORS OF THE SCHOOL DISTRICT HAVE APPROVED SUCH PROVISIONS FOR THE CONTRACT BY THEIR VOTE APPROVING THE ISSUANCE OF BONDS.

(4) ANY GUARANTEE CONTRACT AUTHORIZED BY THIS SECTION SHALL INCLUDE A PROVISION REQUIRING THE PAYMENT OF INTEREST ON LOANS MADE PURSUANT TO THE CONTRACT AT THE PREVAILING RATE OF INTEREST BEING EARNED BY INVESTMENTS OF THE PUBLIC SCHOOL FUND ON THE DATE THE LOAN IS MADE.

(5) A BOARD OF EDUCATION SEEKING THE GUARANTEE OF ELIGIBLE BONDS SHALL NOTIFY THE COMMISSIONER OF EDUCATION AND THE STATE TREASURER INDICATING THE NAME OF THE SCHOOL DISTRICT AND THE PRINCIPAL AMOUNT OF THE BONDS TO BE ISSUED, THE NAME AND ADDRESS OF THE SCHOOL DISTRICT'S PAYING AGENT FOR THE BONDS, THE MATURITY SCHEDULE, THE ESTIMATED INTEREST RATE, AND THE DATE OF THE BONDS.

(6) AFTER RECEIPT OF THE REQUEST FOR THE GUARANTEE OF BONDS, THE COMMISSIONER OF EDUCATION SHALL REVIEW THE APPLICANT SCHOOL DISTRICT REGARDING THE STATUS OF THE SCHOOL DISTRICT'S ACCREDITATION, THE SCHOOL DISTRICT'S FINANCIAL STATUS BASED ON ITS AUDITED FINANCIAL STATEMENTS FOR

THE PREVIOUS THREE YEARS, AND THE TOTAL AMOUNT OF THE SCHOOL DISTRICT'S BONDED INDEBTEDNESS IN RELATION TO THE LIMITATION ON INDEBTEDNESS PROVIDED BY LAW. IF, AFTER THE INVESTIGATION, THE COMMISSIONER OF EDUCATION IS SATISFIED THAT THE SCHOOL DISTRICT'S BONDS SHOULD BE GUARANTEED UNDER THIS SECTION, THE COMMISSIONER OF EDUCATION SHALL ENDORSE THE REQUEST FOR THE BOND GUARANTEE TO THE STATE TREASURER.

(7) WHENEVER THE PAYING AGENT HAS NOT RECEIVED PAYMENT OF PRINCIPAL OF OR INTEREST ON BONDS OR OTHER OBLIGATIONS TO WHICH THIS SECTION APPLIES FIFTEEN BUSINESS DAYS IMMEDIATELY PRIOR TO THE DATE ON WHICH SUCH PAYMENT IS DUE, THE PAYING AGENT SHALL SO NOTIFY THE STATE TREASURER AND THE SCHOOL DISTRICT BY TELEPHONE, FACSIMILE, OR OTHER SIMILAR COMMUNICATION, FOLLOWED BY WRITTEN VERIFICATION, OF SUCH PAYMENT STATUS. THE STATE TREASURER SHALL IMMEDIATELY CONTACT THE SCHOOL DISTRICT AND DETERMINE WHETHER THE SCHOOL DISTRICT WILL MAKE THE PAYMENT BY THE DATE ON WHICH IT IS DUE.

(8) IF THE SCHOOL DISTRICT INDICATES THAT IT WILL NOT MAKE THE PAYMENT BY THE DATE ON WHICH IT IS DUE, THE STATE TREASURER SHALL FORWARD THE AMOUNT IN IMMEDIATELY AVAILABLE FUNDS NECESSARY TO MAKE THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS OR OTHER OBLIGATIONS OF THE SCHOOL DISTRICT TO THE PAYING AGENT ON THE BUSINESS DAY IMMEDIATELY PRIOR TO THE DATE ON WHICH PAYMENT IS DUE. SUCH PAYMENT SHALL CONSTITUTE A LOAN TO THE SCHOOL DISTRICT FROM THE PUBLIC SCHOOL FUND IN ACCORDANCE WITH THE TERMS OF THE GUARANTEE CONTRACT.

(9) IN ORDER TO ASSURE SUFFICIENT LIQUIDITY TO MEET OBLIGATIONS UNDER THE PROVISIONS OF THIS SECTION, THE STATE TREASURER SHALL INVEST MONEYS IN THE PUBLIC SCHOOL FUND IN AN AMOUNT EQUAL TO AT LEAST TEN PERCENT OF THE PRINCIPAL AMOUNT OF BONDS GUARANTEED UNDER THIS SECTION IN INTEREST-BEARING OBLIGATIONS OF THE UNITED STATES AS PROVIDED IN SECTION 22-41-104 (1) (d) WITH MATURITY DATES OF THREE YEARS OR LESS.

(10) THE AMOUNTS FORWARDED TO THE PAYING AGENT BY THE STATE TREASURER SHALL BE APPLIED TO THE PAYING AGENT SOLELY TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON SUCH BONDS OR OTHER OBLIGATIONS OF THE SCHOOL DISTRICT.

(11) ANY SCHOOL DISTRICT TO WHICH THIS SECTION APPLIES SHALL FILE WITH THE STATE TREASURER A COPY OF THE RESOLUTION THAT AUTHORIZES THE ISSUANCE OF BONDS OR OTHER OBLIGATIONS, A COPY OF THE OFFICIAL STATEMENT OR OTHER OFFERING DOCUMENT FOR SUCH BONDS OR OTHER OBLIGATIONS, THE AGREEMENT, IF ANY, WITH THE PAYING AGENT FOR SUCH BONDS OR OTHER OBLIGATIONS, AND THE NAME, ADDRESS, AND TELEPHONE NUMBER OF SUCH PAYING AGENT.

(12) AS PROVIDED IN SECTION 11 OF ARTICLE II OF THE STATE CONSTITUTION, THE STATE HEREBY COVENANTS WITH THE PURCHASERS AND OWNERS OF BONDS AND OTHER OBLIGATIONS ISSUED BY SCHOOL DISTRICTS THAT THE STATE WILL NOT REPEAL, REVOKE, OR RESCIND THE PROVISIONS OF THIS SECTION OR MODIFY OR AMEND THE SAME SO AS TO LIMIT OR IMPAIR THE RIGHTS AND REMEDIES GRANTED BY THIS SECTION; BUT NOTHING IN THIS SUBSECTION (11) SHALL BE DEEMED OR CONSTRUED TO REQUIRE THE STATE TO CONTINUE THE PAYMENT OF STATE ASSISTANCE TO ANY SCHOOL DISTRICT OR TO LIMIT OR PROHIBIT THE STATE FROM REPEALING,

AMENDING, OR MODIFYING ANY LAW RELATING TO THE AMOUNT OF STATE ASSISTANCE TO SCHOOL DISTRICTS OR THE MANNER OF PAYMENT OR THE TIMING THEREOF. NOTHING IN THIS SECTION SHALL BE DEEMED OR CONSTRUED TO CREATE A DEBT OF THE STATE WITH RESPECT TO SUCH BONDS OR OTHER OBLIGATIONS WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR TO CREATE ANY LIABILITY EXCEPT TO THE EXTENT PROVIDED IN THIS SECTION.

(13) WHENEVER THE STATE TREASURER IS REQUIRED BY THIS SECTION TO MAKE A PAYMENT OF PRINCIPAL OF OR INTEREST ON BONDS OR OTHER OBLIGATIONS ON BEHALF OF A SCHOOL DISTRICT, THE DEPARTMENT OF EDUCATION SHALL INITIATE AN AUDIT OF THE SCHOOL DISTRICT TO DETERMINE THE REASONS FOR THE NONPAYMENT AND TO ASSIST THE SCHOOL DISTRICT, IF NECESSARY, IN DEVELOPING AND IMPLEMENTING MEASURES TO ASSURE THAT FUTURE PAYMENTS WILL BE MADE WHEN DUE.

(14) WHENEVER THE STATE TREASURER MAKES A PAYMENT OF PRINCIPAL AND INTEREST ON BONDS OR OTHER OBLIGATIONS OF A SCHOOL DISTRICT BECAUSE OF THE FAILURE TO COLLECT PROPERTY TAXES LEVIED IN ACCORDANCE WITH LAW FOR THE SCHOOL DISTRICT'S BOND REDEMPTION FUND, THE DISTRICT MAY TRANSFER ANY SUCH DELINQUENT PROPERTY TAXES LATER COLLECTED OUT OF THE SCHOOL DISTRICT'S BOND REDEMPTION FUND AND INTO ITS GENERAL FUND.

(15) IN THE EVENT THAT ANY PUBLIC SCHOOL FUND MONEYS ARE LOST BY REASON OF THE FAILURE OF ANY SCHOOL DISTRICT TO REPAY A LOAN MADE PURSUANT TO THIS SECTION, THE GENERAL ASSEMBLY SHALL RESTORE SUCH PUBLIC SCHOOL FUND MONEYS, TOGETHER WITH SUCH INTEREST AS WOULD HAVE ACCRUED THERETO, BY AN APPROPRIATION IN THE AMOUNT OF SUCH LOSS FROM THE GENERAL FUND OF THE STATE.

(16) IF TWO OR MORE REPAYMENTS FROM THE PUBLIC SCHOOL FUND ARE MADE ON THE GUARANTEED BONDS OF A SCHOOL DISTRICT AND THE COMMISSIONER OF EDUCATION DETERMINES THAT THE SCHOOL DISTRICT IS ACTING IN BAD FAITH UNDER THE GUARANTEE, THE COMMISSIONER OF EDUCATION MAY REQUEST THE ATTORNEY GENERAL TO INSTITUTE APPROPRIATE LEGAL ACTION TO COMPEL THE SCHOOL DISTRICT GOVERNING BOARD TO COMPLY WITH THE DUTIES REQUIRED BY LAW IN REGARD TO THE BONDS.

**SECTION 42.** 24-9-102 (1) (c), Colorado Revised Statutes, 1988 Repl. Vol., is repealed as follows:

**24-9-102. Salaries of appointed state officials.** (1) The following state officials shall receive annual salaries and allowances, payable monthly, as follows:

(c) ~~State board of land commissioners, each member, thirty-nine thousand six hundred fifty dollars;~~

**SECTION 43. Appropriation.** (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the state land board trust administration fund created in section 36-1-145, Colorado Revised Statutes, not otherwise appropriated, to the department of natural resources, for allocation to the state land board, for the fiscal year beginning July 1, 1997, the sum of forty thousand six

hundred eighty-four dollars (\$40,684), or so much thereof as may be necessary, for the implementation of this act.

(2) In addition to any other appropriation, there is hereby appropriated, to the department of law, for the fiscal year beginning July 1, 1997, the sum of twenty-two thousand seven hundred seventy-six dollars (\$22,776), and 0.3 FTE, or so much thereof as may be necessary, for the provision of legal services related to the implementation of this act. Said sum shall be from cash funds exempt received from the department of natural resources out of the appropriation made in subsection (1) of this section.

**SECTION 44. Severability.** If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act that can be given effect without the invalid provision or application, and to this end the provisions of this act are declared to be severable.

**SECTION 45. 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 21, 1997