

## CHAPTER 410

---

**TAXATION**

---

**SENATE BILL 07-253**

BY SENATOR(S) Schwartz, Brophy, Isgar, Penry, Romer, and Shaffer;  
also REPRESENTATIVE(S) Sonnenberg, Roberts, and Stephens.

**AN ACT**

**CONCERNING PRICE INSURANCE CONTRACTS TO MINIMIZE ANTICIPATED FLUCTUATIONS IN THE  
AMOUNT OF REVENUE DERIVED FROM OIL AND GAS PRODUCTION.**

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

**SECTION 1.** 39-29-108, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

**39-29-108. Allocation of severance tax revenues - definitions - repeal.**

(5) (a) TO ASSIST IN THE PREPARATION OF STATE BUDGETS, THE CONSENSUS REVENUE ESTIMATE GROUP SHALL PREPARE A QUARTERLY FORECAST OF SEVERANCE REVENUES, INCLUDING PRICE AND PRODUCTION VOLUME.

(b) AS USED IN THIS SUBSECTION (5):

(I) "CONSENSUS REVENUE ESTIMATE GROUP" MEANS THE STAFF OF THE LEGISLATIVE COUNCIL APPOINTED PURSUANT TO SECTION 2-3-304, C.R.S., IN CONSULTATION WITH THE OFFICE OF STATE PLANNING AND BUDGETING CREATED IN SECTION 24-37-102, C.R.S.

(II) "PRICE INSURANCE CONTRACT" MEANS A WRITTEN AGREEMENT BETWEEN THE STATE TREASURER AND A QUALIFIED COUNTERPARTY RELATING TO A COMMODITY PRICE FOR CRUDE OIL AND NATURAL GAS BASED ON LEVELS OF FLOOR TRANSACTIONS OR FORWARD RATE TRANSACTIONS EXECUTED THROUGH STANDARD FINANCIAL INDUSTRY MECHANISMS.

(III) "QUALIFIED COUNTERPARTY" MEANS A PERSON WHOSE LONG-TERM OBLIGATIONS ARE RATED, AT THE TIME A PRICE INSURANCE CONTRACT IS EXECUTED, IN ONE OF THE TWO TOP RATING CATEGORIES OF A NATIONALLY RECOGNIZED RATING

---

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

AGENCY.

(IV) "SEVERANCE REVENUES" MEANS:

(A) THE REVENUES GENERATED FROM TAXES LEVIED PURSUANT TO THIS ARTICLE;  
AND

(B) THE STATE SHARE OF FEDERAL MINERAL LEASING ROYALTIES RECEIVED  
PURSUANT TO SECTION 34-63-102, C.R.S.

(c) (I) IF THERE IS A LEGISLATIVE INTERIM STUDY COMMITTEE REGARDING  
SEVERANCE TAX ALLOCATIONS THAT MEETS DURING 2007, THE COMMITTEE SHALL  
STUDY WHETHER THE GENERAL ASSEMBLY SHOULD AUTHORIZE THE STATE  
TREASURER TO ENTER INTO PRICE INSURANCE CONTRACTS.

(II) THIS PARAGRAPH (c) IS REPEALED, EFFECTIVE JULY 1, 2008.

**SECTION 2. 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: June 1, 2007