BILL TOPIC: "School District Uniform Total Program Mill Levy"

A BILL FOR AN ACT

101  CONCERNING PROPERTY TAX MILL LEVIES TO FUND PUBLIC
102  EDUCATION.

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://leg.colorado.gov.)

For purposes of funding a school district's total program under existing law, each school district is required to levy a specified number of property tax mills. The amount of revenue generated by the levy, plus the revenue the district receives from specific ownership tax, is the district's share of total program. The state share equals the difference between the district's share and the amount of the district's total program.

Capital letters or bold & italic numbers indicate new material to be added to existing statute. Dashes through the words indicate deletions from existing statute.
Beginning with the 2023 property tax year, the bill directs most school districts to levy 27 mills or the number of mills that will result in enough property tax revenue to fully fund the district's total program, whichever is less. **A rural school district that must increase the mill levy by 10 or more mills is not required to increase the mill levy until the 2025 property tax year.** If a school district increases the total program mill levy before it is required to do so, the school district's share will be calculated based on the number of mills levied in the 2019 property tax year, until the property tax years in which the mill levy is required to increase. A school district that seeks voter approval to increase the mill levy is required to include in the discussions of the ballot measure any charter schools authorized by the school district.

A school district is not required to increase the mill levy by more than one mill per year. A school district may choose to increase the levy by more than one mill per year and may phase in the increase over multiple years by more than one mill per year. In either case, the school district's share of total program will be calculated annually based on the required rate of increase of one mill per year and the school district may use the additional revenue as if it were voter-approved additional revenue (mill levy override). A school district may count mills that it levies as mill levy override as total program mills to meet the total program mill levy requirements. If a school district does not levy the number of mills required:

- The state share for the school district will still be based on the number of mills that the school district is required to levy; except that the total combined district and state share amount that a school district receives must not be less than a specified percentage of the school district's total program; and

- **The school district is not allowed to seek voter approval for additional mill levy overrides.**

Every 2 years, the general assembly must review the number of total program mills levied and the circumstances of those school districts that levy fewer total program mills than required.

A school district that seeks voter approval to increase the mill levy to a number of mills that will fully fund the district's total program may request voter approval to allow the mill levy to adjust to fluctuations in the district's assessed property value so that the amount of revenue generated does not exceed the district's total program plus funding for categorical programs. The school district may maintain and use revenue in a total program mill levy reserve fund to reduce the degree of increases and decreases in the mill levy caused by fluctuations in the district's assessed property value.

Beginning in budget year (BY) 2020-21 and continuing until the general assembly determines that the budget stabilization factor is no
longer required, the general assembly shall ensure that the amount of savings to the state share that results from the increase in the total program mill levies is appropriated to fund the school finance act, except as provided for mill levy override equalization. Beginning in BY2020-21, regardless of the increase in the local share due to increases in the mill levy, the general assembly shall annually appropriate for the state share a sufficient amount to pay for increases in student enrollment and inflation and to prevent an increase in the dollar amount of the budget stabilization factor. But, beginning in BY2025-26, to pay mill levy override equalization distributions for identified school districts, the annual state share appropriation is reduced by an amount equal to 25% of the increase, due to changes in the mill levy since BY2022-23, in the property tax revenue that is included in calculating the districts' share of total program.

The school districts and superintendents are encouraged to form working groups to make recommendations to the general assembly by January 2021 concerning appropriate technical, financial, and legal assistance for school districts that must hold elections to increase the total program mill levy.

The bill changes the funding for institute charter schools to ensure that, with the increase in the local share of a school district in which an institute charter school is located and the corresponding decrease in the district's amount of state share, the institute charter school remains fully funded.

Beginning in BY2025-26 budget year, the bill directs the department of education to calculate an override mill equalization amount for distribution to each school district that would have to levy more than 30 mills to reach the maximum amount of mill levy override revenue. The bill specifies a formula for calculating the amount of the distributions. The distributions are annually funded by a percentage of the state share due to school districts that exceed the existing 25% limit on mill levy override revenue and, starting in BY2025-26, by an amount equal to 25% of the increase due to changes in the mill levy since BY2022-23 in the property tax revenue that is included in calculating the districts' share of total program.

On and after July 1, 2021, the bill allows a school district to collect mill levy override revenue in an amount that is greater than 25%, but not more than 30%, or for a small rural school district greater than 30% but not more than 35%, of the school district's total program. To be eligible to collect this amount, a school district must levy 27 total program mills or the number of mills required to fully fund total program and must agree to a percentage reduction in the school district's state share. The general assembly must appropriate the amount of the reduction to fund the override mill equalization distributions.

The bill states that the amount that a school district may receive as
mill levy override revenue for funding capital construction new technology, existing technology upgrades, and maintenance, combined with the other mill levy override revenue that the school district receives, cannot exceed up to 30%, or for a small rural school district up to 35%, of the school district's total program.

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

SECTION 1. Legislative declaration. (1) The general assembly finds that:

(a) The general assembly has not made comprehensive changes to the method of funding public schools in Colorado since passage of the "Public School Finance Act of 1994";

(b) Since 1994, the interaction of certain constitutional provisions and statutory language concerning school district mill levy requirements has resulted in unintended consequences regarding the level of local investment in public education by school districts and the balance of school district and state contributions;

(c) In comparing the local investment in public education by taxpayers across the state, there is little consistency in the level of contribution as demonstrated by the property tax rates among school districts with similar economic attributes;

(d) The balance of local and state shares in funding public education is now skewed toward the state share at such a level as to make the required level of state funding unsustainable into the future;

(e) To restore a greater level of consistency in the districts' local shares and a sustainable balance between local and state funding of public education, the number of mills that each school district is expected to levy must be reset to a more uniform number;

(f) Without the budget stabilization factor, the increase in the total
amount of local property tax revenue available as a result of establishing a uniform mill levy would automatically decrease the amount the state is required to pay to fully fund total program. However, to increase the amount of resources available to students and reduce the budget stabilization factor, it is the intent of the general assembly to ensure that the available savings to the state share that results from increasing the local property tax revenue remains within the funding system for public education by maintaining _____ the amount appropriated by the state for the state share of total program _____ to reduce the budget stabilization factor or is used as described in subsection (1)(g) of this section.

(g) The ability of some school districts to obtain voter approval to collect property tax revenue in addition to total program has also led to inequalities in the amount of funding available to school districts throughout the state. To lessen the effect of low property tax valuation on a school district's ability to collect additional property tax revenue, it is appropriate to use a portion of the amount that the state realizes as a result of increasing the local contribution of school districts to partially equalize the amount that property-poor school districts can raise as additional revenue.

(h) Unlike the existing determination of mill levy rates for public education, the method of resetting the mill levy rates is intentional and based on achieving specific policy goals, including:

(I) Setting mill levies at a uniform rate so that the state contribution to the public education system equalizes public education funding across the state for differences in property value among school districts;

(II) Increasing tax equity at the taxpayer level so that property
owners in different school districts that receive state money for a portion of total program, who own property that is of equal value, pay the same property tax amount for support of their local public schools, regardless of the school district they are in;

(III) Similar to state income tax rates and sales tax rates, ensuring that property tax rates for the local share of total program are the same for taxpayers across the state, regardless of which school district they live in; and

(IV) Ensuring that the property tax revenue collected by each school district to support the schools of the school district remains within that school district;

(2) The general assembly finds, therefore, that, in furtherance of its constitutional duty to establish and maintain a thorough and uniform system of free public schools throughout the state, the general assembly is authorized to require school districts to increase the school districts' total program mill levies to a uniform rate of twenty-seven mills or the number of mills required to fully fund total program, whichever is less. The general assembly further finds that, just as the current levels of school finance mill levies evolved over several years, correcting these mill levies to a uniform rate may also take several years.

SECTION 2. In Colorado Revised Statutes, 22-54-106, amend (1)(a)(I), (1)(b)(I), (2)(a) introductory portion, (2)(c), and (4)(c); repeal (11); and add (1)(b)(III), (1)(b)(IV), (2)(a.3), (2)(a.5), (2)(a.7), (4)(a.5), (13), and (14) as follows:

22-54-106. Local and state shares of district total program - definition - repeal. (1) (a) (I) For property tax years before the 2023 property tax year, every district shall levy the number of mills
determined pursuant to paragraph (a) of subsection (2) of this section, and

subsection (2)(a) of this section. For the 2023 property tax year and each property tax year thereafter, each district shall levy the number of mills determined pursuant to subsection (2)(a.3) of this section. The amount of property tax revenue which the district is entitled to receive from the levy, assuming one hundred percent collection, along with the amount of specific ownership tax revenue paid to the district, as defined in section 22-54-103 (11), shall be is the district's share of its total program.

(b) (I) Except as provided in subsections (11) and (12) subsections (1)(b)(III), (12), and (13) of this section, the state's share of a district's total program is the difference between the district's total program and the district's share of its total program.

(III) If, in a budget year that commences on or after July 1, 2023, a district levies a lesser number of mills than the number required in subsection (2)(a.3) of this section, for that budget year, the state's share of the district's total program is the greater of:

(A) An amount equal to what the state's share of the district's total program, calculated pursuant to subsection (1)(b)(I) of this section, would be if the district had levied the number of mills required in subsection (2)(a.3) of this section for that budget year; or

(B) The amount necessary to ensure that the combined total of the district's share, calculated assuming one hundred percent collection of the amount of property tax revenue generated by the actual number of mills levied for that budget year.
YEAR, AND THE AMOUNT THE DISTRICT RECEIVES FROM THE STATE
PURSUANT TO THIS SUBSECTION (1)(b)(III) IS NOT LESS THAN
EIGHTY-THREE PERCENT OF THE DISTRICT'S TOTAL PROGRAM AS
CALCULATED PURSUANT TO SECTION 22-54-104 (2) FOR THE APPLICABLE
BUDGET YEAR.

(IV) BEGINNING WITH THE 2024-25 BUDGET YEAR AND EVERY TWO
BUDGET YEARS THEREAFTER, THE JOINT BUDGET COMMITTEE OF THE
GENERAL ASSEMBLY SHALL REVIEW THE NUMBER OF MILLS LEVIED BY
DISTRICTS PURSUANT TO SUBSECTION (2)(a.3) OF THIS SECTION AND THE
NUMBER AND CIRCUMSTANCES OF DISTRICTS FOR WHICH THE STATE SHARE
IS CALCULATED AS PROVIDED IN SUBSECTION (1)(b)(III) OF THIS SECTION
AND MAY RECOMMEND LEGISLATIVE CHANGES TO THE GENERAL
ASSEMBLY.

(2)(a) Except as provided in paragraph (c) of this subsection (2),
SUBSECTION (2)(c) OF THIS SECTION for reorganized districts, for the 2007
property tax year and property tax years thereafter THROUGH THE 2022
PROPERTY TAX YEAR, each district shall levy the lesser of:

(a.3) (I) FOR THE 2023 PROPERTY TAX YEAR AND EACH PROPERTY
TAX YEAR THEREAFTER, EACH DISTRICT SHALL LEVY THE LESSER OF:

(A) TWENTY-SEVEN MILLS; OR

(B) THE NUMBER OF MILLS THAT WILL GENERATE PROPERTY TAX
REVENUE IN AN AMOUNT EQUAL TO THE DISTRICT’S TOTAL PROGRAM FOR
THE APPLICABLE BUDGET YEAR MINUS THE AMOUNT OF SPECIFIC
OWNERSHIP TAX REVENUE PAID TO THE DISTRICT. REGARDLESS OF THE
APPLICABILITY OF SECTION 22-54-104 (5)(g), FOR THE PURPOSES OF THIS
SUBSECTION (2)(a.3)(I)(B), A DISTRICT'S TOTAL PROGRAM IS THE AMOUNT
CALCULATED PURSUANT TO SECTION 22-54-104 (2).
(II) notwithstanding the provisions of subsection (2)(a.3)(I) of this section, a district may, in compliance with section 20 of article X of the state constitution, incrementally increase the number of mills levied, beginning in the 2023 property tax year, by increasing the mill levy by one mill every property tax year up to the number of mills required in subsection (2)(a.3)(I) of this section. The district's share of total program for a budget year in which the district, in accordance with this subsection (2)(a.3)(II), levies fewer than the number of mills required in subsection (2)(a.3)(I) of this section is calculated based on the number of mills that the district is required to levy pursuant to this subsection (2)(a.3)(II), assuming one hundred percent collection.

(III) notwithstanding any provisions of subsection (2)(a.3)(II) of this section to the contrary, a district, in compliance with section 20 of article X of the state constitution, may:

(A) increase the mill levy by more than one mill per property tax year. If a district increases the mill levy by more than one mill in a property tax year, the district is not required to increase the mill levy again for a number of property tax years equal to the number of mills by which the mill levy was increased, and the district's share of total program is calculated each year based on the number of mills that the district is required to levy pursuant to subsection (2)(a.3)(II) of this section, assuming one hundred percent collection.

(B) phase in the required increase in the mill levy over
MULTIPLE PROPERTY TAX YEARS, SO LONG AS THE MILL LEVY INCREASES AT A RATE COMPARABLE TO AT LEAST ONE MILL PER PROPERTY TAX YEAR. FOR EACH PROPERTY TAX YEAR OF THE PHASE-IN PERIOD, THE DISTRICT'S SHARE OF TOTAL PROGRAM IS CALCULATED BASED ON THE NUMBER OF MILLS THAT THE DISTRICT IS REQUIRED TO LEVY PURSUANT TO SUBSECTION (2)(a.3)(II) OF THIS SECTION, ASSUMING ONE HUNDRED PERCENT COLLECTION.

(IV) IN A BUDGET YEAR IN WHICH A DISTRICT LEVIES MORE THAN THE NUMBER OF MILLS REQUIRED TO COMPLY WITH THE RATE OF INCREMENTAL INCREASE SPECIFIED IN SUBSECTION (2)(a.3)(II) OF THIS SECTION, THE DISTRICT MAY EXPEND THE PORTION OF REVENUE THAT IS NOT INCLUDED IN CALCULATING THE DISTRICT'S SHARE OF TOTAL PROGRAM AS IF THE REVENUE WERE COLLECTED AS ADDITIONAL LOCAL REVENUE APPROVED PURSUANT TO SECTION 22-54-108; EXCEPT THAT THE REVENUE IS NOT SUBJECT TO THE LIMITATIONS IMPOSED BY SECTION 22-54-108 (3)(b) AND (5)(b).

(V) IN A BUDGET YEAR, A DISTRICT MAY COUNT ALL OR ANY PORTION OF THE MILLS THAT THE DISTRICT LEVIES FOR THAT BUDGET YEAR PURSUANT TO SECTION 22-54-108 AS MILLS LEVIED PURSUANT TO THIS SUBSECTION (2)(a.3) TO COMPLY WITH THE REQUIREMENTS SPECIFIED IN SUBSECTIONS (2)(a.3)(I) AND (2)(a.3)(II) OF THIS SECTION.

(VI) If a district levies the number of mills that will generate property tax revenue in an amount equal to the district's total program as described in subsection (2)(a.3)(I)(B) of this section, the district, in compliance with section 20 of article X of the state constitution, may allow the mill levy to increase or decrease due to fluctuations in the
DISTRICT'S ASSESSED PROPERTY VALUE. ____

(a.5)(I) NOTWITHSTANDING ANY PROVISION OF SUBSECTION (1) OF THIS SECTION OR THIS SUBSECTION (2) TO THE CONTRARY, A RURAL DISTRICT THAT IS REQUIRED BY SUBSECTION (2)(a.3) OF THIS SECTION TO INCREASE ITS MILL LEVY BY TEN MILLS OR MORE IS NOT REQUIRED TO COMPLY WITH SUBSECTION (2)(a.3)(I) OF THIS SECTION ____ UNTIL THE 2025 PROPERTY TAX YEAR. SAID DISTRICT IS NOT REQUIRED TO LEVY MORE THAN THE NUMBER OF MILLS REQUIRED IN SUBSECTION (2)(a) OF THIS SECTION THROUGH THE 2024 PROPERTY TAX YEAR.

(II) FOR THE PURPOSES OF THIS SUBSECTION (2)(a.5), "RURAL DISTRICT" MEANS A DISTRICT IN COLORADO THAT THE DEPARTMENT OF EDUCATION DETERMINES IS RURAL, BASED ON THE GEOGRAPHIC SIZE OF THE DISTRICT AND THE DISTANCE OF THE DISTRICT FROM THE NEAREST LARGE, URBANIZED AREA.

(III) THIS SUBSECTION (2)(a.5) IS REPEALED, EFFECTIVE JULY 1, 2026.

(a.7)(I) NOTWITHSTANDING ANY PROVISION OF THIS SUBSECTION (2) TO THE CONTRARY, A DISTRICT IN COMPLIANCE WITH SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION, MAY ______ INCREASE THE NUMBER OF MILLS LEVIED PURSUANT TO THIS SUBSECTION (2), UP TO THE NUMBER OF MILLS SPECIFIED IN SUBSECTION (2)(a.3) OF THIS SECTION, BEFORE THE 2023 PROPERTY TAX YEAR OR THE 2025 PROPERTY TAX YEAR, WHICHEVER IS APPLICABLE. IF A DISTRICT INCREASES SAID MILL LEVY BEFORE THE 2023 PROPERTY TAX YEAR OR THE 2025 PROPERTY TAX YEAR, ______ THE DISTRICT'S SHARE OF TOTAL PROGRAM SHALL BE CALCULATED BASED ON THE NUMBER OF MILLS THE DISTRICT IS REQUIRED TO LEVY PURSUANT TO SUBSECTION (2)(a) OF THIS SECTION, ASSUMING ONE

(II) THIS SUBSECTION (2)(a.7) IS REPEALED, EFFECTIVE JULY 1, 2026.

(c) (I) Notwithstanding any other provision of this subsection (2), for property tax years before the 2023 property tax year, or the 2025 property tax year as provided in subsection (2)(a.5) of this section, if there is a reorganization pursuant to article 30 of this title title 22, except for a detachment and annexation, and if such reorganization involves districts with differing mill levies, then in its first year of operation, the new district shall levy a number of mills that is based on the total property taxes collected in the preceding year from property included within the new district divided by the total valuation for assessment in the preceding year of property located within the new district but in no event more than 41.75 mills. This paragraph (c) shall subsection (2)(c) does not apply to any new district whose levy would otherwise be calculated pursuant to subparagraph (II) of paragraph (a) of this subsection (2) subsection (2)(a)(II) of this section.

(II) FOR PROPERTY TAX YEARS BEFORE THE 2023 PROPERTY TAX YEAR, OR THE 2025 PROPERTY TAX YEAR AS PROVIDED IN SUBSECTION (2)(a.5) OF THIS SECTION, if there is a detachment and annexation pursuant
to article 30 of this title TITLE 22 and if such detachment and annexation involves districts with differing mill levies, then in the first year after the detachment and annexation, the annexing district shall calculate its levy pursuant to paragraph (a) of this subsection (2) of this section.

(III) For the 2023 property tax year, or the 2025 property tax year as provided in subsection (2)(a.5) of this section, and each property tax year thereafter, if there is a reorganization pursuant to article 30 of this title 22, regardless of the resulting change to district boundaries, each district involved in or resulting from the reorganization shall calculate its levy pursuant to subsection (2)(a.3) of this section.

(4) (a.5) (I) Beginning in the 2020-21 budget year and for each budget year thereafter until the general assembly determines that the stabilization of the state budget no longer requires a reduction in the amount of the annual appropriation to fund the state's share of total program, the general assembly:

(A) Shall ensure that any amount of savings to the state share of total program that could occur as a result of the increase in the number of mills levied for the districts' share of total program pursuant to subsection (2)(a.3) of this section continues to be appropriated as the state share of total program pursuant to this section; and

(B) Regardless of the increase in the amount calculated as districts’ local share of total program pursuant to subsection (2)(a.3) of this section due to the increase in the
NUMBER OF MILLS LEVIED, SHALL ANNUALLY APPROPRIATE AS THE STATE
SHARE OF TOTAL PROGRAM A SUFFICIENT AMOUNT TO PAY THE ANNUAL
INCREASE IN TOTAL PROGRAM DUE TO INFLATION AND PUPIL ENROLLMENT
AND TO PREVENT AN INCREASE OVER THE PREVIOUS BUDGET YEAR IN THE
DOLLAR AMOUNT OF THE REDUCTION IN TOTAL PROGRAM DUE TO THE
BUDGET STABILIZATION FACTOR.

(II) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (4)(a.5)(I)
OF THIS SECTION TO THE CONTRARY, FOR THE 2025-26 BUDGET YEAR, AND
EACH BUDGET YEAR THEREAFTER, THE GENERAL ASSEMBLY SHALL
DECREASE THE AMOUNT OF THE APPROPRIATION DESCRIBED IN
SUBSECTION (4)(a.5)(I)(B) OF THIS SECTION BY AN AMOUNT EQUAL TO
TWENTY-FIVE PERCENT OF THE INCREASE IN THE AMOUNT OF PROPERTY
TAX REVENUE, DUE TO THE INCREASE IN THE NUMBER OF MILLS LEVIED,
THAT IS INCLUDED IN CALCULATING THE DISTRICTS' SHARE OF TOTAL
PROGRAM OVER THE AMOUNT OF PROPERTY TAX REVENUE INCLUDED IN
CALCULATING THE DISTRICTS' SHARE OF TOTAL PROGRAM FOR THE
2022-23 BUDGET YEAR. THE GENERAL ASSEMBLY SHALL APPROPRIATE THE
AMOUNT OF THE REDUCTION IN STATE SHARE TO MILL LEVY OVERRIDE
EQUALIZATION FUND FOR DISTRIBUTION AS PROVIDED IN SECTION
22-54-107.9.

(c) If a supplemental appropriation is not made by the general
assembly to fully fund the state's share of the total program of all districts
including funding for institute charter schools or a supplemental
appropriation is made to reduce the state's share of the total program of
all districts including funding for institute charter schools, the state aid of
each district and the funding for each institute charter school shall be
reduced in accordance with the provisions of this paragraph (c)
SUBSECTION (4)(c). The total program of each district that receives state aid AND THE FUNDING FOR EACH INSTITUTE CHARTER SCHOOL shall be reduced by a percentage determined by dividing the deficit in the appropriation or the reduction in the appropriation, whichever is applicable, by THE TOTAL AMOUNT OF the total program of all districts that receive state aid PLUS THE FUNDING FOR ALL INSTITUTE CHARTER SCHOOLS. The state aid of each district shall be reduced by the amount of the reduction in the district's total program or the amount of state aid, whichever is less. The funding for each institute charter school shall be reduced in proportion to the reduction in the total program of the district from which the institute charter school's funding is withheld BY THE AMOUNT OF THE PERCENTAGE REDUCTION. The department of education shall see that the reduction in state aid required by this paragraph (c) SUBSECTION (4)(c) is accomplished prior to the end of the budget year.

(11) Pursuant to the provisions of section 22-54-115, for each institute charter school, the department of education shall withhold from the state share of the institute charter school's accounting district the lesser of:

(a) An amount equal to one hundred percent of the adjusted district per pupil revenues, as defined in section 22-30.5-513 (1)(b), multiplied by the number of pupils enrolled in the institute charter school who are not online pupils plus one hundred percent of the district per pupil online funding multiplied by the number of online pupils enrolled in the institute charter school; or

(b) The total amount of the state share payable to the district.

(13) NOTWITHSTANDING ANY PROVISION OF THIS SECTION TO THE CONTRARY, IN A BUDGET YEAR IN WHICH A DISTRICT, AS PROVIDED IN
SECTION 22-54-108 (5), RECEIVES ADDITIONAL LOCAL PROPERTY TAX
REVENUE IN AN AMOUNT GREATER THAN THE LIMIT SET IN SECTION
22-54-108 (3)(b), THE STATE SHARE OF THE DISTRICT IS REDUCED AS
PROVIDED IN SECTION 22-54-108 (5)(b)(II).

(14) SCHOOL DISTRICT BOARD OF EDUCATION DIRECTORS AND
DISTRICT ADMINISTRATORS, AS REPRESENTED BY STATEWIDE
ASSOCIATIONS, ARE ENCOURAGED TO CONVENE ONE OR MORE WORKING
GROUPS TO IDENTIFY APPROPRIATE AND NECESSARY FORMS OF TECHNICAL,
LEGAL, AND FINANCIAL ASSISTANCE TO AID DISTRICTS IN HOLDING
SUCCESSFUL ELECTIONS TO INCREASE THE TOTAL PROGRAM MILL LEVY AS
PROVIDED IN SUBSECTION (2)(a.3) OF THIS SECTION. THE DISTRICTS ARE
ENCOURAGED TO SUBMIT RECOMMENDATIONS TO THE EDUCATION
COMMITTEES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES, OR
ANY SUCCESSOR COMMITTEES, BY JANUARY 15, 2021.

SECTION 3. In Colorado Revised Statutes, 22-54-115, amend
(1) introductory portion and (1)(c); and repeal and reenact, with
amendments, (1.3) as follows:

22-54-115. Distribution from state public school fund. (1) No
later than June 30 of each year, the state board shall determine the amount
of the state's share of the district's total program, AND THE FUNDING FOR
EACH INSTITUTE CHARTER SCHOOL AS DESCRIBED IN SUBSECTION (1.3) OF
THIS SECTION, for the budget year beginning on July 1, and the total
thereof for all districts AND INSTITUTE CHARTER SCHOOLS, which amount
shall be payable IN TWELVE APPROXIMATELY

(c) Such payments shall be adjusted in accordance with the
provisions of subsection (1.3) of this section SECTION 22-54-108 (5)(b)(II)

AS APPLICABLE.

(1.3) (a) The State Board shall annually determine the amount of funding for each Institute Charter School using the per pupil revenue of the Institute Charter School's Accounting District for the applicable budget year, as adjusted pursuant to section 22-30.5-513 (1)(b), multiplied by the number of pupils enrolled in the Institute Charter School less the number of pupils who are online pupils and the number of pupils who are extended high school pupils, plus one hundred percent of the District per pupil online funding multiplied by the number of online pupils enrolled in the Institute Charter School, plus one hundred percent of the District per pupil extended high school funding multiplied by the number of extended high school pupils enrolled in the Institute Charter School.

(b) The Department shall distribute the total amount calculated for all Institute Charter Schools to the State Charter School Institute as provided in subsection (1) of this section during the budget year for payment to the Institute Charter Schools pursuant to section 22-30.5-513 (4).

SECTION 4. In Colorado Revised Statutes, 22-30.5-118, add (3.5) as follows:

22-30.5-118. Inclusion of charter schools in school district mill levy elections - total program mill levy - mill levy overrides - eligibility allocation of additional local revenues - definitions. (3.5) A school district that submits a ballot question to the eligible electors of the school district to authorize an increase in the
SCHOOL DISTRICT'S TOTAL PROGRAM MILL LEVY PURSUANT TO SECTION 22-54-106(2)(a.3) SHALL INVITE EACH CHARTER SCHOOL AUTHORIZED BY THE SCHOOL DISTRICT TO PARTICIPATE IN DISCUSSIONS CONCERNING SUBMISSION OF THE QUESTION. THE SCHOOL DISTRICT SHALL EXTEND THE INVITATION AT THE EARLIEST POSSIBLE TIME BUT NO LATER THAN JUNE 1 OF THE APPLICABLE ELECTION YEAR.

SECTION 5. In Colorado Revised Statutes, 22-54-103, amend (7)(e)(II) and (8.5)(b) as follows:

22-54-103. Definitions. As used in this article 54, unless the context otherwise requires:

(7) "Funded pupil count" means:

(e) (II) Notwithstanding any provision of law to the contrary, for purposes of subparagraph (I) of this paragraph (e) SUBSECTION (7)(e)(I) OF THIS SECTION FOR BUDGET YEARS BEGINNING BEFORE JULY 1, 2020, a district's funded pupil count shall include the certified pupil enrollment and online pupil enrollment of each operating institute charter school for which the district is the accounting district. The department of education shall add the institute charter school's certified pupil enrollment and online pupil enrollment to the funded pupil count of the district prior to calculating the district's total program pursuant to section 22-54-104.

(8.5) (b) For budget years beginning on or after July 1, 2004, but prior to July 1, 2020, a district's online pupil enrollment shall include the certified online pupil enrollment of each operating institute charter school for which the district is the accounting district. The department of education shall add the institute charter school's certified online pupil enrollment to the online pupil enrollment of the district prior to calculating the district's total program pursuant to section 22-54-104.
SECTION 6. In Colorado Revised Statutes, 22-54-104, amend (1)(a), (5)(g)(II), (5)(g)(III), (5)(g)(IV), and (5)(g)(V); and repeal (1)(b) as follows:

22-54-104. District total program - definitions. (1) (a) For every budget year, the provisions of this section shall be used to calculate for each district AND EACH INSTITUTE CHARTER SCHOOL an amount that represents the financial base of support for public education in that district. Such amount shall be OR INSTITUTE CHARTER SCHOOL. THIS AMOUNT IS known as the district's OR INSTITUTE CHARTER SCHOOL's total program. The district's OR INSTITUTE CHARTER SCHOOL's total program shall be IS available to the district OR THE INSTITUTE CHARTER SCHOOL to fund the costs of providing public education, and, except as otherwise provided in section 22-54-105, the amounts and purposes for which such moneys are budgeted and expended shall be ARE in the discretion of the district OR THE INSTITUTE CHARTER SCHOOL.

(b) Notwithstanding the provisions of paragraph (a) of this subsection (1), if a district is the accounting district of an institute charter school, then the calculation of total program pursuant to the provisions of this section shall also represent the financial base of support for the institute charter school, even though the institute charter school is not a school of the district. The amount of the district's state share of total program that is withheld from the district and paid to the state charter school institute pursuant to the provisions of section 22-54-115 (1.3), shall not be available to nor under the control of the district, but shall be under the control of the governing board of the institute charter school to fund the costs of providing public education to pupils enrolled in the institute charter school, and the amounts and purposes for which such
moneys are budgeted and expended shall be in the discretion of the institute charter school:

(5) For purposes of the formulas used in this section:

(g) (II) For the 2010-11 budget year and each budget year thereafter, the department of education shall:

(A) Calculate the budget stabilization factor for the applicable budget year by dividing the reduction in total program funding for the applicable budget year, as specified in subsection (5)(g)(I) of this section, by the sum of the total program funding amounts of all districts AND INSTITUTE CHARTER SCHOOLS as calculated pursuant to subsection (2) of this section including the funding for institute charter schools, for the applicable budget year; and

(B) Calculate each district's and each institute charter school's reduction amount by multiplying the budget stabilization factor by the district's OR INSTITUTE CHARTER SCHOOL'S total program funding calculated pursuant to subsection (2) of this section for the applicable budget year for the district and for any OR institute charter school located within the district.

(III) For the 2010-11 budget year and each budget year thereafter, except as otherwise provided in subparagraphs (IV) and (V) of this sub section, a district's OR AN INSTITUTE CHARTER SCHOOL'S total program shall be the greater of:

(A) The amount calculated pursuant to subsection (2) of this section for the applicable budget year including funding for any institute charter school located within the district, minus the district's OR THE INSTITUTE CHARTER SCHOOL'S reduction amount for the applicable budget year.
(B) An amount equal to the base per pupil funding amount specified in paragraph (a) of subsection (5) of this section for the applicable budget year, multiplied by the district's or the Institute Charter School's funded pupil count for the applicable budget year.

(IV) For the 2010-11 budget year, and each budget year thereafter, the total program funding for a district that levies the number of mills calculated pursuant to section 22-54-106 (2)(a)(II) shall be or (2)(a.3)(I)(B), whichever is applicable, is the amount calculated pursuant to subsection (2) of this section for the applicable budget year. Any such district shall use the revenues generated by the number of mills that the district levies pursuant to section 22-54-106 (2)(a)(II) or (2)(a.3)(I)(B), whichever is applicable, to replace any categorical program support funds that the district would otherwise be eligible to receive from the state; except that the amount of categorical program support funds that the district is required to replace shall not exceed an amount equal to the district's reduction amount. The department shall use the amount of categorical program support funds replaced by property tax revenue pursuant to this subparagraph (IV) to make payments of categorical program support funds to eligible districts as specified in section 22-54-107 (4).

(V) For the 2010-11 budget year and each budget year thereafter, if a district levies the number of mills calculated pursuant to section 22-54-106 (2)(a)(I), (2)(a.3)(I)(A), or (2)(a.3)(II), whichever is applicable, and the district's reduction amount exceeds the district's state share of total program funding, such
THE district's total program funding shall be IS the amount calculated pursuant to subsection (2) of this section for the applicable budget year, minus the district's state aid. Any such district shall use the revenues generated by the number of mills that the district levies pursuant to section 22-54-106 (2)(a)(I), (2)(a.3)(I)(A), or (2)(a.3)(II), WHICHEVER IS APPLICABLE, to replace any categorical program support funds that the district would otherwise be eligible to receive from the state; except that the amount of categorical program support funds that the district is required to replace shall MUST not exceed an amount equal to the remainder of the district's reduction amount after the reduction to the district's total program has been applied pursuant to this subparagraph (V) SUBSECTION (5)(g)(V). The department of education shall use the amount of categorical program support funds replaced by property tax revenue pursuant to this subparagraph (V) SUBSECTION (5)(g)(V) to make payments of categorical program support funds to eligible districts as specified in section 22-54-107 (4).

SECTION 7. In Colorado Revised Statutes, 22-45-103, amend (1)(k) as follows:

22-45-103. Funds. (1) The following funds are created for each school district for purposes specified in this article 45:

(k) Total program reserve fund. (I) FOR BUDGET YEARS BEFORE THE 2023-24 BUDGET YEAR, OR BEFORE THE 2025-26 BUDGET YEAR FOR A RURAL DISTRICT AS DESCRIBED IN SECTION 22-54-106 (2)(a.5), a school district shall deposit the property tax revenues that it collects from a tax levy imposed pursuant to section 22-54-107 (5) SECTION 22-54-107 (5)(a) in the total program reserve fund of the district. BEFORE THE 2023-24 BUDGET YEAR OR THE 2025-26 BUDGET YEAR, WHICHEVER
APPLIES, the district may expend money from the total program reserve fund only to offset the amount of a reduction in the district's state share caused by application of the budget stabilization factor pursuant to section 22-54-104 (5)(g); except that, in a budget year in which the school district levies for its total program the number of mills calculated pursuant to section 22-54-106 (2)(a)(II), if the balance of the total program reserve fund exceeds an amount equal to the district's total program for that budget year multiplied by the budget stabilization factor calculated pursuant to section 22-54-104 (5)(g) for that budget year, the district may expend the amount of the excess balance. Any money remaining in the fund at the end of a fiscal year must remain in the fund and may be used in future years only as provided in this subsection (1)(k).

(II) FOR THE 2023-24 BUDGET YEAR, OR FOR THE 2025-26 BUDGET YEAR FOR A RURAL SCHOOL DISTRICT AS DESCRIBED IN SECTION 22-54-106 (2)(a.5), AND EACH BUDGET YEAR THEREAFTER, A SCHOOL DISTRICT SHALL DEPOSIT THE PROPERTY TAX REVENUE THAT IT COLLECTS FROM A TAX LEVY IMPOSED PURSUANT TO SECTION 22-54-107 (5)(b) IN THE TOTAL PROGRAM RESERVE FUND OF THE DISTRICT. IN A PROPERTY TAX YEAR IN WHICH THE COMBINED MILL LEVY DESCRIBED IN SECTION 22-54-107 (1)(b) EXCEEDS THE COMBINED MILL LEVY FOR THE PRECEDING PROPERTY TAX YEAR BY MORE THAN ONE MILL, A SCHOOL DISTRICT MAY INCREASE THE MILL LEVY BY FEWER THAN THE NUMBER OF MILLS DESCRIBED IN SECTION 22-54-107 (1)(b) AND MAY EXPEND MONEY FROM THE TOTAL PROGRAM RESERVE FUND IN AN AMOUNT EQUAL TO THE DIFFERENCE IN THE AMOUNT OF PROPERTY TAX REVENUE THAT WOULD HAVE BEEN GENERATED BY THE FULL INCREASE IN THE NUMBER OF MILLS AND THE AMOUNT GENERATED
BY THE NUMBER OF MILLS ACTUALLY LEVIED. IN ADDITION, IN A BUDGET YEAR IN WHICH THE BALANCE OF THE TOTAL PROGRAM RESERVE FUND EXCEEDS THE AMOUNT OF THE SCHOOL DISTRICT'S TOTAL PROGRAM CALCULATED PURSUANT TO SECTION 22-54-104 (2) FOR THAT BUDGET YEAR BY THIRTY PERCENT OR MORE, A SCHOOL DISTRICT MAY EXPEND THE AMOUNT OF THE EXCESS BALANCE. ANY MONEY REMAINING IN THE FUND AT THE END OF A FISCAL YEAR MUST REMAIN IN THE FUND AND MAY BE USED IN FUTURE YEARS ONLY AS PROVIDED IN THIS SUBSECTION (1)(k)(II).

SECTION 8. In Colorado Revised Statutes, 22-54-107, amend (1) and (5) as follows:

22-54-107. Buy-out of categorical programs - total program reserve fund levy. (1) (a) For property tax years before the 2023 property tax year, or before the 2025 property tax year for a rural district as described in section 22-54-106(2)(a.5), if a district levies the number of mills calculated pursuant to section 22-54-106 (2)(a)(II), the district shall make an additional levy to generate property tax revenue in an amount equal to the amount of categorical support funds; except that the total of the two levies cannot exceed the lesser of the district's levy for the immediately preceding year, the district's allowable levy under the property tax revenue limitation imposed on the district by section 20 of article X of the state constitution if the district has not obtained voter approval to retain and spend revenues in excess of such property tax revenue limitation, or twenty-seven mills.

(b) For the 2023 property tax year, or the 2025 property tax year for a rural district as described in section 22-54-106 (2)(a.5), and property tax years thereafter, if a district levies the number of mills calculated pursuant to section 22-54-106....
(2)(a.3)(I)(B), THE DISTRICT SHALL MAKE AN ADDITIONAL LEVY TO
GENERATE PROPERTY TAX REVENUE IN AN AMOUNT EQUAL TO THE
AMOUNT OF CATEGORICAL SUPPORT FUNDS; EXCEPT THAT THE TOTAL OF
THE TWO LEVIES CANNOT EXCEED THE LESSER OF:

(I) THE NUMBER OF MILLS THAT WILL GENERATE PROPERTY TAX
REVENUE IN AN AMOUNT EQUAL TO THE AMOUNT DESCRIBED IN
SUBSECTION 22-54-106 (2)(a.3)(I)(B) FOR THE APPLICABLE BUDGET YEAR
PLUS THE AMOUNT OF CATEGORICAL SUPPORT FUNDS FOR THE APPLICABLE
BUDGET YEAR; OR

(II) TWENTY-SEVEN MILLS.

(5) (a) For the 2016-17 budget year and each budget year
thereafter THROUGH THE 2022-23 BUDGET YEAR OR THROUGH THE
2024-25 BUDGET YEAR FOR A RURAL DISTRICT AS DESCRIBED IN SECTION
22-54-106 (2)(a.5), if a district levies the number of mills calculated
pursuant to section 22-54-106 (2)(a)(II) and the additional mill levy
described in subsection (1) of this section for categorical support funds,
and the combined total of the two levies is less than the number of mills
that the district levied in the preceding budget year, the district, in
addition to the two levies, shall assess a number of mills equal to the
difference between the combined total of the two levies and the number
of mills levied in the preceding budget year. The district shall deposit the
property tax revenue collected from the mills levied pursuant to this
subsection (5) SUBSECTION (5)(a) in the total program reserve fund
created in section 22-45-103 (1)(k).

(b) (I) FOR THE 2023-24 BUDGET YEAR, OR THE 2025-26 BUDGET
YEAR FOR A RURAL DISTRICT AS DESCRIBED IN SECTION 22-54-106 (2)(a.5),
AND EACH BUDGET YEAR THEREAFTER, IF A DISTRICT LEVIES THE NUMBER

(II) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (5)(b)(I) OF THIS SECTION, IF THE BALANCE OF A DISTRICT'S TOTAL PROGRAM RESERVE FUND AT THE BEGINNING OF A BUDGET YEAR IS THIRTY PERCENT MORE THAN THE AMOUNT OF TOTAL PROGRAM CALCULATED PURSUANT TO SECTION 22-54-104 (2) FOR THE DISTRICT FOR THAT BUDGET YEAR, THEN THE DISTRICT SHALL NOT LEVY THE ADDITIONAL NUMBER OF MILLS DESCRIBED IN SUBSECTION (5)(b)(I) OF THIS SECTION FOR THAT BUDGET YEAR. <{Do you want this limit to keep the reserve fund from getting too large?>}

SECTION 9. In Colorado Revised Statutes, add 22-54-107.9 as follows:

22-54-107.9. Mill levy override equalization - calculation - distribution - fund created - definitions. (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "AVAILABLE OVERRIDE MILL EQUALIZATION AMOUNT" MEANS AN ELIGIBLE DISTRICT'S PROJECTED OVERRIDE MILL COST FOR THE
APPLICABLE PROPERTY TAX YEAR LESS THIRTY MILLS, MULTIPLIED BY THE
ELIGIBLE DISTRICT'S ASSESSED PROPERTY VALUE FOR THE APPLICABLE
PROPERTY TAX YEAR DIVIDED BY ONE THOUSAND.

(b) "DEPARTMENT" MEANS THE DEPARTMENT OF EDUCATION
CREATED PURSUANT TO SECTION 24-1-115.

(c) "ELIGIBLE DISTRICT" MEANS A DISTRICT THAT LEVIES THE
REQUIRED NUMBER OF TOTAL PROGRAM MILLS SPECIFIED IN SECTION
22-54-106 (2)(a.3)(I) AND THAT HAS A PROJECTED OVERRIDE MILL COST
THAT EXCEEDS THIRTY MILLS.

(d) "FUND" MEANS THE MILL LEVY OVERRIDE EQUALIZATION FUND
CREATED IN SUBSECTION (3) OF THIS SECTION.

(e) "OVERRISE MILL PERCENTAGE OF EFFORT" MEANS THE NUMBER
OF MILLS THAT AN ELIGIBLE DISTRICT LEVIES AS OVERRIDE MILLS, DIVIDED
BY THIRTY, ROUNDED TO THE NEAREST HUNDREDTH.

(f) "OVERRISE MILLS" MEANS PROPERTY TAX MILLS THAT A
DISTRICT LEVIES PURSUANT TO SECTION 22-54-108.

(g) "PROJECTED OVERRIDE MILL COST" MEANS THE NUMBER OF
MILLS THAT WOULD GENERATE PROPERTY TAX REVENUE IN A PROPERTY
TAX YEAR FOR A DISTRICT IN AN AMOUNT EQUAL TO THE LIMIT ON
ADDITIONAL LOCAL PROPERTY TAX REVENUES DESCRIBED IN SECTION
22-54-108 (3)(b)(III) OR (3)(b)(IV), WHICHEVER APPLIES TO THE DISTRICT.

(2) (a) BEGINNING IN THE 2025-26 BUDGET YEAR AND FOR EACH
BUDGET YEAR THEREAFTER, THE DEPARTMENT SHALL ANNUALLY
DISTRIBUTE FROM THE AMOUNT APPROPRIATED TO THE FUND TO EACH
ELIGIBLE DISTRICT THE ELIGIBLE DISTRICT'S OVERRIDE MILL EQUALIZATION
AMOUNT CALCULATED AS:

(I) ONE PERCENT OF THE ELIGIBLE DISTRICT'S AVAILABLE
OVERRIDE MILL EQUALIZATION AMOUNT FOR EVERY ONE PERCENT OF THE
ELIGIBLE DISTRICT'S OVERRIDE MILL PERCENTAGE OF EFFORT UP TO
TWENTY PERCENT OVERRIDE MILL PERCENTAGE OF EFFORT; PLUS

(II) ONE AND FIVE-TENTHS PERCENT OF THE ELIGIBLE DISTRICT'S
AVAILABLE OVERRIDE MILL EQUALIZATION AMOUNT FOR EVERY ONE
PERCENT OF THE ELIGIBLE DISTRICT'S OVERRIDE MILL PERCENTAGE OF
EFFORT GREATER THAN TWENTY PERCENT OVERRIDE MILL PERCENTAGE OF
EFFORT UP TO SIXTY PERCENT OVERRIDE MILL PERCENTAGE OF EFFORT;
PLUS

(III) FIVE TENTHS OF ONE PERCENT OF THE ELIGIBLE DISTRICT'S
AVAILABLE OVERRIDE MILL EQUALIZATION AMOUNT FOR EVERY ONE
PERCENT OF THE ELIGIBLE DISTRICT'S OVERRIDE MILL PERCENTAGE OF
EFFORT GREATER THAN SIXTY PERCENT OVERRIDE MILL PERCENTAGE OF
EFFORT UP TO ONE HUNDRED PERCENT OVERRIDE MILL PERCENTAGE OF
EFFORT.

(b) IN A BUDGET YEAR IN WHICH THE GENERAL ASSEMBLY DOES
NOT APPROPRIATE A SUFFICIENT AMOUNT TO FULLY FUND THE
DISTRIBUTIONS CALCULATED PURSUANT TO THIS SUBSECTION (2), THE
DEPARTMENT SHALL REDUCE THE AMOUNT OF EACH ELIGIBLE DISTRICT'S
DISTRIBUTION BY THE SAME PERCENTAGE THAT THE DEFICIT BEARS TO THE
AMOUNT REQUIRED TO FULLY FUND THE DISTRIBUTIONS AUTHORIZED BY
THIS SUBSECTION (2).

(3)(a) THE MILL LEVY OVERRIDE EQUALIZATION FUND IS HEREBY
CREATED IN THE STATE TREASURY. THE FUND CONSISTS OF MONEY
APPROPRIATED TO THE FUND PURSUANT TO SUBSECTION (3)(b) OF THIS
SECTION AND ANY OTHER MONEY THAT THE GENERAL ASSEMBLY MAY
APPROPRIATE OR TRANSFER TO THE FUND. THE STATE TREASURER SHALL

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CREDIT ALL INTEREST AND INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE MILL LEVY OVERRIDE EQUALIZATION FUND TO THE FUND, SUBJECT TO ANNUAL APPROPRIATION BY THE GENERAL ASSEMBLY, FOR THE 2025-26 BUDGET YEAR AND EACH BUDGET YEAR THEREAFTER, THE DEPARTMENT SHALL DISTRIBUTE MONEY FROM THE FUND AS DESCRIBED IN SUBSECTION (2) OF THIS SECTION. IN ADDITION, THE DEPARTMENT MAY EXPEND A PORTION OF THE AMOUNT APPROPRIATED FROM THE FUND TO PAY THE DIRECT COSTS THAT THE DEPARTMENT INCURS IN IMPLEMENTING THIS SECTION.

(b) (I) FOR THE 2021-22 BUDGET YEAR AND EACH BUDGET YEAR THEREAFTER, THE GENERAL ASSEMBLY SHALL ANNUALLY APPROPRIATE TO THE FUND AN AMOUNT EQUAL TO THE TOTAL AMOUNT OF THE REDUCTION IN DISTRICTS' STATE SHARE OF TOTAL PROGRAM PURSUANT TO SECTION 22-54-108 (5)(b)(II) FOR THE APPLICABLE BUDGET YEAR.

(II) FOR THE 2025-26 BUDGET YEAR AND EACH BUDGET YEAR THEREAFTER, THE GENERAL ASSEMBLY SHALL ANNUALLY APPROPRIATE TO THE FUND AN AMOUNT EQUAL TO TWENTY-FIVE PERCENT OF THE INCREASE IN THE AMOUNT OF PROPERTY TAX REVENUE, DUE TO THE INCREASE IN THE NUMBER OF MILLS LEVIED, THAT IS INCLUDED IN CALCULATING THE DISTRICTS' SHARE OF TOTAL PROGRAM PURSUANT TO SECTION 22-54-106 (2)(a.3) OVER THE AMOUNT OF PROPERTY TAX REVENUE INCLUDED IN CALCULATING THE DISTRICTS' SHARE OF TOTAL PROGRAM FOR THE 2022-23 BUDGET YEAR.

SECTION 10. In Colorado Revised Statutes, 22-54-108, amend (3)(b)(IV)(C); and add (3)(j), (5), and (6) as follows:

22-54-108. Authorization of additional local revenues.

(3) (b) (IV) (C) For purposes of this subparagraph (IV) SUBSECTION
(3)(b)(IV) and subsection (5) of this section, a "small rural district" is a district in Colorado that the department of education determines is rural, based on the geographic size of the district and the distance of the district from the nearest large, urbanized area, and that enrolls fewer than one thousand students in kindergarten through twelfth grade.

(j) In applying the limitations described in subsections (3)(b)(III), (3)(b)(IV), and (5) of this section to elections held after the effective date of this subsection (3)(j), any additional local property tax revenue authorized pursuant to section 22-54-108.7 at an election held after November 2019 counts toward the limitations.

(5) (a) notwithstanding any provision of subsection (3)(b) of this section to the contrary, effective July 1, 2021, if a district meets the requirements specified in subsection (5)(b) of this section, the total additional local property tax revenue that the district may receive pursuant to an election held pursuant to this section may exceed:

(I) If the district is not a small rural district, twenty-five percent but may not exceed thirty percent of the district's total program, as determined pursuant to section 22-54-104 (2); or

(II) If the district is a small rural district, thirty percent but may not exceed thirty-five percent of the small rural district's total program, as determined pursuant to section 22-54-104 (2).

(b) A district qualifies for the increased revenue limits specified in subsection (5)(a) of this section only if the district:
(I) LEVIES THE NUMBER OF TOTAL PROGRAM MILLS REQUIRED IN
SECTION 22-54-106 (2)(a.3)(I); AND

(II) AGREES THAT, IN EACH BUDGET YEAR IN WHICH THE
DISTRICT'S ADDITIONAL LOCAL PROPERTY TAX REVENUE EXCEEDS THE
APPLICABLE REVENUE LIMIT SPECIFIED IN SUBSECTION (3)(b) OF THIS
SECTION, THE AMOUNT OF THE DISTRICT'S STATE SHARE CALCULATED
PURSUANT TO SECTION 22-54-106 FOR THAT BUDGET YEAR IS REDUCED BY
AN AMOUNT EQUAL TO TWENTY-FIVE PERCENT OF THE AMOUNT BY WHICH
THE DISTRICT'S ADDITIONAL LOCAL PROPERTY TAX REVENUE EXCEEDS THE
APPLICABLE REVENUE LIMIT SPECIFIED IN SUBSECTION (3)(b) OF THIS
SECTION.

(c) IN A BUDGET YEAR IN WHICH THE AMOUNT OF A DISTRICT'S
STATE SHARE IS REDUCED PURSUANT TO SUBSECTION (5)(b)(II) OF THIS
SECTION, THE GENERAL ASSEMBLY SHALL REDUCE THE APPROPRIATION
FOR THE STATE SHARE OF TOTAL PROGRAM FUNDING FOR THAT BUDGET
YEAR BY THE REDUCTION AMOUNT AND APPROPRIATE THE AMOUNT OF THE
REDUCTION TO THE MILL LEVY OVERRIDE EQUALIZATION FUND CREATED
IN SECTION 22-54-107.9 (3).

(6) NOTWITHSTANDING ANY PROVISION OF THIS SECTION TO THE
CONTRARY, FOR THE 2023-24 BUDGET YEAR, OR THE 2025-26 BUDGET
YEAR FOR A RURAL DISTRICT AS DESCRIBED IN SECTION 22-54-106 (2)(a.5),
AND BUDGET YEARS THEREAFTER, A DISTRICT SHALL NOT SEEK VOTER
APPROVAL FOR ADDITIONAL REVENUE PURSUANT TO THIS SECTION UNLESS
THE DISTRICT IS LEVYING THE NUMBER OF MILLS REQUIRED PURSUANT TO
SECTION 22-54-106 (2)(a.3) FOR THE DISTRICT'S SHARE OF TOTAL
PROGRAM.

SECTION 11. In Colorado Revised Statutes, 22-54-108.7, add
(3) and (4) as follows:

**22-54-108.7. Authorization of additional local revenues for cash funding of capital construction, new technology, existing technology upgrade, and maintenance needs - definition.**

(3) **Notwithstanding any provision of this section to the contrary, any additional property tax revenue authorized pursuant to this section at an election held after November 2019 is included in applying the limitations described in section 22-54-108 (3)(b)(III), (3)(b)(IV), and (5).**

(4) **Notwithstanding any provision of this section to the contrary, for the 2023-24 budget year, or the 2025-26 budget year for a rural district as described in section 22-54-106(2)(a.5), and budget years thereafter, a district shall not seek voter approval for additional revenue pursuant to this section unless the district is levying the number of mills required pursuant to section 22-54-106 (2)(a.3) for the district's share of total program.**

**SECTION 12. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety.