

Second Regular Session
Seventy-second General Assembly
STATE OF COLORADO

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LLS NO. 20-0291.02 Julie Pelegrin x2700

HOUSE BILL

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Zenzinger,

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.

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

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

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

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

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

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

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

23 (f) Without the budget stabilization factor, the increase in the total

1 amount of local property tax revenue available as a result of establishing
2 a uniform mill levy would automatically decrease the amount the state is
3 required to pay to fully fund total program. However, to increase the
4 amount of resources available to students and reduce the budget
5 stabilization factor, it is the intent of the general assembly to ensure that
6 the available savings to the state share that results from increasing the
7 local property tax revenue remains within the funding system for public
8 education by maintaining _____ the amount appropriated by the state for
9 the state share of total program _____ to reduce the budget stabilization
10 factor or is used as described in subsection (1)(g) of this section.

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

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

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

27 (II) Increasing tax equity at the taxpayer level so that property

1 owners in different school districts that receive state money for a portion
2 of total program, who own property that is of equal value, pay the same
3 property tax amount for support of their local public schools, regardless
4 of the school district they are in;

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

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

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

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

25 **22-54-106. Local and state shares of district total program -**
26 **definition - repeal.** (1) (a) (I) FOR PROPERTY TAX YEARS BEFORE THE
27 2023 PROPERTY TAX YEAR, every district shall levy the number of mills

1 determined pursuant to ~~paragraph (a) of subsection (2) of this section, and~~
2 SUBSECTION (2)(a) OF THIS SECTION. FOR THE 2023 PROPERTY TAX YEAR
3 ANDEACH PROPERTY TAX YEAR THEREAFTER, EACH DISTRICT SHALL LEVY
4 THE NUMBER OF MILLS DETERMINED PURSUANT TO SUBSECTION (2)(a.3)
5 OF THIS SECTION. The amount of property tax revenue ~~which the~~ THAT A
6 district is entitled to receive from the levy, assuming one hundred percent
7 collection, along with the amount of specific ownership tax revenue paid
8 to the district, as defined in section 22-54-103 (11), ~~shall be~~ IS the
9 district's share of its total program.

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

14 (III) IF, IN A BUDGET YEAR THAT COMMENCES ON OR AFTER JULY
15 1, 2023, A DISTRICT LEVIES A LESSER NUMBER OF MILLS THAN THE NUMBER
16 REQUIRED IN SUBSECTION (2)(a.3) OF THIS SECTION, FOR THAT BUDGET
17 YEAR, THE STATE'S SHARE OF THE DISTRICT'S TOTAL PROGRAM IS THE
18 GREATER OF:

19 (A) AN AMOUNT EQUAL TO WHAT THE STATE'S SHARE OF THE
20 DISTRICT'S TOTAL PROGRAM, CALCULATED PURSUANT TO SUBSECTION
21 (1)(b)(I) OF THIS SECTION, WOULD BE IF THE DISTRICT HAD LEVIED THE
22 NUMBER OF MILLS REQUIRED IN SUBSECTION (2)(a.3) OF THIS SECTION FOR
23 THAT BUDGET YEAR; OR

24 (B) THE AMOUNT NECESSARY TO ENSURE THAT THE COMBINED
25 TOTAL OF THE DISTRICT'S SHARE, CALCULATED ASSUMING ONE HUNDRED
26 PERCENT COLLECTION OF THE AMOUNT OF PROPERTY TAX REVENUE
27 GENERATED BY THE ACTUAL NUMBER OF MILLS LEVIED FOR THAT BUDGET

1 YEAR, AND THE AMOUNT THE DISTRICT RECEIVES FROM THE STATE
2 PURSUANT TO THIS SUBSECTION (1)(b)(III) IS NOT LESS THAN
3 EIGHTY-THREE PERCENT OF THE DISTRICT'S TOTAL PROGRAM _____ AS
4 CALCULATED PURSUANT TO SECTION 22-54-104 (2) FOR THE APPLICABLE
5 BUDGET YEAR.

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

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

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

20 (A) TWENTY-SEVEN MILLS; OR

21 (B) THE NUMBER OF MILLS THAT WILL GENERATE PROPERTY TAX
22 REVENUE IN AN AMOUNT EQUAL TO THE DISTRICT'S TOTAL PROGRAM FOR
23 THE APPLICABLE BUDGET YEAR MINUS THE AMOUNT OF SPECIFIC
24 OWNERSHIP TAX REVENUE PAID TO THE DISTRICT. REGARDLESS OF THE
25 APPLICABILITY OF SECTION 22-54-104 (5)(g), FOR THE PURPOSES OF THIS
26 SUBSECTION (2)(a.3)(I)(B), A DISTRICT'S TOTAL PROGRAM IS THE AMOUNT
27 CALCULATED PURSUANT TO SECTION 22-54-104 (2).

1 (II) _____ NOTWITHSTANDING THE PROVISIONS OF SUBSECTION
2 (2)(a.3)(I) OF THIS SECTION, A DISTRICT MAY, IN COMPLIANCE WITH
3 SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION, INCREMENTALLY
4 INCREASE THE NUMBER OF MILLS LEVIED, BEGINNING IN THE 2023
5 PROPERTY TAX YEAR, BY INCREASING THE MILL LEVY BY ONE MILL EVERY
6 PROPERTY TAX YEAR UP TO THE NUMBER OF MILLS REQUIRED IN
7 SUBSECTION (2)(a.3)(I) OF THIS SECTION. THE DISTRICT'S SHARE OF TOTAL
8 PROGRAM FOR A BUDGET YEAR IN WHICH THE DISTRICT, IN ACCORDANCE
9 WITH THIS SUBSECTION (2)(a.3)(II), LEVIES FEWER THAN THE NUMBER OF
10 MILLS REQUIRED IN SUBSECTION (2)(a.3)(I) OF THIS SECTION IS
11 CALCULATED BASED ON THE NUMBER OF MILLS THAT THE DISTRICT IS
12 REQUIRED TO LEVY PURSUANT TO THIS SUBSECTION (2)(a.3)(II), ASSUMING
13 ONE HUNDRED PERCENT COLLECTION.

14 (III) NOTWITHSTANDING ANY PROVISIONS OF SUBSECTION
15 (2)(a.3)(II) OF THIS SECTION TO THE CONTRARY, A DISTRICT, IN
16 COMPLIANCE WITH SECTION 20 OF ARTICLE X OF THE STATE
17 CONSTITUTION, MAY: _____

18 (A) INCREASE THE MILL LEVY BY MORE THAN ONE MILL PER
19 PROPERTY TAX YEAR. IF A DISTRICT INCREASES THE MILL LEVY BY MORE
20 THAN ONE MILL IN A PROPERTY TAX YEAR, THE DISTRICT IS NOT REQUIRED
21 TO INCREASE THE MILL LEVY AGAIN FOR A NUMBER OF PROPERTY TAX
22 YEARS EQUAL TO THE NUMBER OF MILLS BY WHICH THE MILL LEVY WAS
23 INCREASED, AND THE DISTRICT'S SHARE OF TOTAL PROGRAM IS
24 CALCULATED EACH YEAR BASED ON THE NUMBER OF MILLS THAT THE
25 DISTRICT IS REQUIRED TO LEVY PURSUANT TO SUBSECTION (2)(a.3)(II) OF
26 THIS SECTION, ASSUMING ONE HUNDRED PERCENT COLLECTION.

27 (B) PHASE IN THE REQUIRED INCREASE IN THE MILL LEVY OVER

1 MULTIPLE PROPERTY TAX YEARS, _____ SO LONG AS THE MILL LEVY
2 INCREASES AT A RATE COMPARABLE TO AT LEAST ONE MILL PER PROPERTY
3 TAX YEAR. FOR EACH PROPERTY TAX YEAR OF THE PHASE-IN PERIOD, THE
4 DISTRICT'S SHARE OF TOTAL PROGRAM IS CALCULATED BASED ON THE
5 NUMBER OF MILLS THAT THE DISTRICT IS REQUIRED TO LEVY PURSUANT TO
6 SUBSECTION (2)(a.3)(II) OF THIS SECTION, ASSUMING ONE HUNDRED
7 PERCENT COLLECTION.

8 (IV) IN A BUDGET YEAR IN WHICH A DISTRICT LEVIES MORE THAN
9 THE NUMBER OF MILLS REQUIRED TO COMPLY WITH THE RATE OF
10 INCREMENTAL INCREASE SPECIFIED IN SUBSECTION (2)(a.3)(II) OF THIS
11 SECTION, THE DISTRICT MAY EXPEND THE PORTION OF REVENUE THAT IS
12 NOT INCLUDED IN CALCULATING THE DISTRICT'S SHARE OF TOTAL
13 PROGRAM AS IF THE REVENUE WERE COLLECTED AS ADDITIONAL LOCAL
14 REVENUE APPROVED PURSUANT TO SECTION 22-54-108; EXCEPT THAT THE
15 REVENUE IS NOT SUBJECT TO THE LIMITATIONS IMPOSED BY SECTION
16 22-54-108 (3)(b) AND (5)(b).

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

22 (VI) IF A DISTRICT LEVIES THE NUMBER OF MILLS THAT WILL
23 GENERATE PROPERTY TAX REVENUE IN AN AMOUNT EQUAL TO THE
24 DISTRICT'S TOTAL PROGRAM AS DESCRIBED IN SUBSECTION (2)(a.3)(I)(B)
25 OF THIS SECTION, THE DISTRICT, IN COMPLIANCE WITH SECTION 20 OF
26 ARTICLE X OF THE STATE CONSTITUTION, MAY _____ ALLOW THE MILL
27 LEVY TO INCREASE OR DECREASE _____ DUE TO FLUCTUATIONS IN THE

1 DISTRICT'S ASSESSED PROPERTY VALUE. _____

2 (a.5) (I) NOTWITHSTANDING ANY PROVISION OF SUBSECTION (1) OF
3 THIS SECTION OR THIS SUBSECTION (2) TO THE CONTRARY, A RURAL
4 DISTRICT THAT IS REQUIRED BY SUBSECTION (2)(a.3) OF THIS SECTION TO
5 INCREASE ITS MILL LEVY BY TEN MILLS OR MORE IS NOT REQUIRED TO
6 COMPLY WITH SUBSECTION (2)(a.3)(I) OF THIS SECTION _____ UNTIL THE
7 2025 PROPERTY TAX YEAR. SAID DISTRICT IS NOT REQUIRED TO LEVY
8 MORE THAN THE NUMBER OF MILLS REQUIRED IN SUBSECTION (2)(a) OF
9 THIS SECTION THROUGH THE 2024 PROPERTY TAX YEAR.

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

15 (III) THIS SUBSECTION (2)(a.5) IS REPEALED, EFFECTIVE JULY 1,
16 2026.

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

1 HUNDRED PERCENT COLLECTION, UNTIL THE 2023 PROPERTY TAX YEAR OR
2 THE 2025 PROPERTY TAX YEAR, WHICHEVER IS APPLICABLE. THE DISTRICT
3 MAY EXPEND THE PORTION OF REVENUE THAT IS NOT INCLUDED IN
4 CALCULATING THE DISTRICT'S SHARE OF TOTAL PROGRAM AS IF THE
5 REVENUE WERE COLLECTED AS ADDITIONAL LOCAL REVENUE APPROVED
6 PURSUANT TO SECTION 22-54-108; EXCEPT THAT THE REVENUE IS NOT
7 SUBJECT TO THE LIMITATIONS IMPOSED BY SECTION 22-54-108 (3)(b) AND
8 (5)(b).

9 (II) THIS SUBSECTION (2)(a.7) IS REPEALED, EFFECTIVE JULY 1,
10 2026.

11 (c) (I) Notwithstanding any other provision of this subsection (2),
12 FOR PROPERTY TAX YEARS BEFORE THE 2023 PROPERTY TAX YEAR, OR THE
13 2025 PROPERTY TAX YEAR AS PROVIDED IN SUBSECTION (2)(a.5) OF THIS
14 SECTION, if there is a reorganization pursuant to article 30 of this title
15 TITLE 22, except for a detachment and annexation, and if such
16 reorganization involves districts with differing mill levies, then in its first
17 year of operation, the new district shall levy a number of mills that is
18 based on the total property taxes collected in the preceding year from
19 property included within the new district divided by the total valuation for
20 assessment in the preceding year of property located within the new
21 district but in no event more than 41.75 mills. This ~~paragraph (c) shall~~
22 ~~SUBSECTION (2)(c) DOES NOT APPLY TO ANY~~ A new district whose levy would
23 otherwise be calculated pursuant to ~~subparagraph (H) of paragraph (a) of~~
24 ~~this subsection (2)~~ SUBSECTION (2)(a)(II) OF THIS SECTION.

25 (II) FOR PROPERTY TAX YEARS BEFORE THE 2023 PROPERTY TAX
26 YEAR, OR THE 2025 PROPERTY TAX YEAR AS PROVIDED IN SUBSECTION
27 (2)(a.5) OF THIS SECTION, if there is a detachment and annexation pursuant

1 to article 30 of this ~~title~~ TITLE 22 and if such detachment and annexation
2 involves districts with differing mill levies, then in the first year after the
3 detachment and annexation, the annexing district shall calculate its levy
4 pursuant to ~~paragraph (a) of this subsection (2)~~ SUBSECTION (2)(a) OF THIS
5 SECTION.

6 (III) FOR THE 2023 PROPERTY TAX YEAR, OR THE 2025 PROPERTY
7 TAX YEAR AS PROVIDED IN SUBSECTION (2)(a.5) OF THIS SECTION, AND
8 EACH PROPERTY TAX YEAR THEREAFTER, IF THERE IS A REORGANIZATION
9 PURSUANT TO ARTICLE 30 OF THIS TITLE 22, REGARDLESS OF THE
10 RESULTING CHANGE TO DISTRICT BOUNDARIES, EACH DISTRICT INVOLVED
11 IN OR RESULTING FROM THE REORGANIZATION SHALL CALCULATE ITS LEVY
12 PURSUANT TO SUBSECTION (2)(a.3) _____ OF THIS SECTION _____.

13 (4) (a.5) (I) BEGINNING IN THE 2020-21 BUDGET YEAR AND FOR
14 EACH BUDGET YEAR THEREAFTER UNTIL THE GENERAL ASSEMBLY
15 DETERMINES THAT THE STABILIZATION OF THE STATE BUDGET NO LONGER
16 REQUIRES A REDUCTION IN THE AMOUNT OF THE ANNUAL APPROPRIATION
17 TO FUND THE STATE'S SHARE OF TOTAL PROGRAM, THE GENERAL
18 ASSEMBLY:

19 (A) SHALL ENSURE THAT ANY AMOUNT OF SAVINGS TO THE STATE
20 SHARE OF TOTAL PROGRAM THAT COULD OCCUR AS A RESULT OF THE
21 INCREASE IN THE NUMBER OF MILLS LEVIED FOR THE DISTRICTS' SHARE OF
22 TOTAL PROGRAM PURSUANT TO SUBSECTION (2)(a.3) OF THIS SECTION
23 CONTINUES TO BE APPROPRIATED AS THE STATE SHARE OF TOTAL
24 PROGRAM PURSUANT TO THIS SECTION; AND

25 (B) REGARDLESS OF THE INCREASE IN THE AMOUNT CALCULATED
26 AS DISTRICTS' LOCAL SHARE OF TOTAL PROGRAM PURSUANT TO
27 SUBSECTION (2)(a.3) OF THIS SECTION DUE TO THE INCREASE IN THE

1 NUMBER OF MILLS LEVIED, SHALL ANNUALLY APPROPRIATE AS THE STATE
2 SHARE OF TOTAL PROGRAM A SUFFICIENT AMOUNT TO PAY THE ANNUAL
3 INCREASE IN TOTAL PROGRAM DUE TO INFLATION AND PUPIL ENROLLMENT
4 AND TO PREVENT AN INCREASE OVER THE PREVIOUS BUDGET YEAR IN THE
5 DOLLAR AMOUNT OF THE REDUCTION IN TOTAL PROGRAM DUE TO THE
6 BUDGET STABILIZATION FACTOR.

7 (II) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (4)(a.5)(I)
8 OF THIS SECTION TO THE CONTRARY, FOR THE 2025-26 BUDGET YEAR, AND
9 EACH BUDGET YEAR THEREAFTER, THE GENERAL ASSEMBLY SHALL
10 DECREASE THE AMOUNT OF THE APPROPRIATION DESCRIBED IN
11 SUBSECTION (4)(a.5)(I)(B) OF THIS SECTION BY AN AMOUNT EQUAL TO
12 TWENTY-FIVE PERCENT OF THE INCREASE IN THE AMOUNT OF PROPERTY
13 TAX REVENUE, DUE TO THE INCREASE IN THE NUMBER OF MILLS LEVIED,
14 THAT IS INCLUDED IN CALCULATING THE DISTRICTS' SHARE OF TOTAL
15 PROGRAM OVER THE AMOUNT OF PROPERTY TAX REVENUE INCLUDED IN
16 CALCULATING THE DISTRICTS' SHARE OF TOTAL PROGRAM FOR THE
17 2022-23 BUDGET YEAR. THE GENERAL ASSEMBLY SHALL APPROPRIATE THE
18 AMOUNT OF THE REDUCTION IN STATE SHARE TO MILL LEVY OVERRIDE
19 EQUALIZATION FUND FOR DISTRIBUTION AS PROVIDED IN SECTION
20 22-54-107.9.

21 (c) If a supplemental appropriation is not made by the general
22 assembly to fully fund the state's share of the total program of all districts
23 including funding for institute charter schools or a supplemental
24 appropriation is made to reduce the state's share of the total program of
25 all districts including funding for institute charter schools, the state aid of
26 each district and the funding for each institute charter school shall be
27 reduced in accordance with the provisions of this ~~paragraph (c)~~

1 SUBSECTION (4)(c). The total program of each district that receives state
2 aid AND THE FUNDING FOR EACH INSTITUTE CHARTER SCHOOL shall be
3 reduced by a percentage determined by dividing the deficit in the
4 appropriation or the reduction in the appropriation, whichever is
5 applicable, by THE TOTAL AMOUNT OF the total program of all districts
6 that receive state aid PLUS THE FUNDING FOR ALL INSTITUTE CHARTER
7 SCHOOLS. The state aid of each district shall be reduced by the amount of
8 the reduction in the district's total program or the amount of state aid,
9 whichever is less. The funding for each institute charter school shall be
10 reduced in proportion to the reduction in the total program of the district
11 from which the institute charter school's funding is withheld BY THE
12 AMOUNT OF THE PERCENTAGE REDUCTION. The department of education
13 shall see that the reduction in state aid required by this paragraph (c)
14 SUBSECTION (4)(c) is accomplished prior to the end of the budget year.

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

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

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

26 (13) NOTWITHSTANDING ANY PROVISION OF THIS SECTION TO THE
27 CONTRARY, IN A BUDGET YEAR IN WHICH A DISTRICT, AS PROVIDED IN

1 SECTION 22-54-108 (5), RECEIVES ADDITIONAL LOCAL PROPERTY TAX
2 REVENUE IN AN AMOUNT GREATER THAN THE LIMIT SET IN SECTION
3 22-54-108 (3)(b), THE STATE SHARE OF THE DISTRICT IS REDUCED AS
4 PROVIDED IN SECTION 22-54-108 (5)(b)(II).

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

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

18 22-54-115. **Distribution from state public school fund.** (1) No
19 later than June 30 of each year, the state board shall determine the amount
20 of the state's share of the district's total program, AND THE FUNDING FOR
21 EACH INSTITUTE CHARTER SCHOOL AS DESCRIBED IN SUBSECTION (1.3) OF
22 THIS SECTION, for the budget year beginning on July 1, and the total
23 thereof for all districts AND INSTITUTE CHARTER SCHOOLS, which amount
24 ~~shall be payable~~ THE DEPARTMENT SHALL PAY in twelve approximately
25 equal monthly payments during such budget year; except that:

26 _____
27 (c) Such payments shall be adjusted in accordance with the

1 ~~provisions of subsection (1.3) of this section~~ SECTION 22-54-108 (5)(b)(II)
2 AS APPLICABLE.

3 (1.3) (a) THE STATE BOARD SHALL ANNUALLY DETERMINE THE
4 AMOUNT OF FUNDING FOR EACH INSTITUTE CHARTER SCHOOL USING THE
5 PER PUPIL REVENUE OF THE INSTITUTE CHARTER SCHOOL'S ACCOUNTING
6 DISTRICT FOR THE APPLICABLE BUDGET YEAR, AS ADJUSTED PURSUANT TO
7 SECTION 22-30.5-513 (1)(b), MULTIPLIED BY THE NUMBER OF PUPILS
8 ENROLLED IN THE INSTITUTE CHARTER SCHOOL LESS THE NUMBER OF
9 PUPILS WHO ARE ONLINE PUPILS AND THE NUMBER OF PUPILS WHO ARE
10 EXTENDED HIGH SCHOOL PUPILS, PLUS ONE HUNDRED PERCENT OF THE
11 DISTRICT PER PUPIL ONLINE FUNDING MULTIPLIED BY THE NUMBER OF
12 ONLINE PUPILS ENROLLED IN THE INSTITUTE CHARTER SCHOOL, PLUS ONE
13 HUNDRED PERCENT OF THE DISTRICT PER PUPIL EXTENDED HIGH SCHOOL
14 FUNDING MULTIPLIED BY THE NUMBER OF EXTENDED HIGH SCHOOL PUPILS
15 ENROLLED IN THE INSTITUTE CHARTER SCHOOL.

16 (b) THE DEPARTMENT SHALL DISTRIBUTE THE TOTAL AMOUNT
17 CALCULATED FOR ALL INSTITUTE CHARTER SCHOOLS TO THE STATE
18 CHARTER SCHOOL INSTITUTE AS PROVIDED IN SUBSECTION (1) OF THIS
19 SECTION DURING THE BUDGET YEAR FOR PAYMENT TO THE INSTITUTE
20 CHARTER SCHOOLS PURSUANT TO SECTION 22-30.5-513 (4).

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

23 **22-30.5-118. Inclusion of charter schools in school district mill**
24 **levy elections - total program mill levy - mill levy overrides -**
25 **eligibility allocation of additional local revenues - definitions.** (3.5) A
26 SCHOOL DISTRICT THAT SUBMITS A BALLOT QUESTION TO THE ELIGIBLE
27 ELECTORS OF THE SCHOOL DISTRICT TO AUTHORIZE AN INCREASE IN THE

1 SCHOOL DISTRICT'S TOTAL PROGRAM MILL LEVY PURSUANT TO SECTION
2 22-54-106 (2)(a.3) SHALL INVITE EACH CHARTER SCHOOL AUTHORIZED BY
3 THE SCHOOL DISTRICT TO PARTICIPATE IN DISCUSSIONS CONCERNING
4 SUBMISSION OF THE QUESTION. THE SCHOOL DISTRICT SHALL EXTEND THE
5 INVITATION AT THE EARLIEST POSSIBLE TIME BUT NO LATER THAN JUNE 1
6 OF THE APPLICABLE ELECTION YEAR.

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

9 **22-54-103. Definitions.** As used in this article 54, unless the
10 context otherwise requires:

11 (7) "Funded pupil count" means:

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

21 (8.5) (b) For budget years beginning on or after July 1, 2004, BUT
22 PRIOR TO JULY 1, 2020, a district's online pupil enrollment ~~shall include~~
23 INCLUDES the certified online pupil enrollment of each operating institute
24 charter school for which the district is the accounting district. The
25 department of education shall add the institute charter school's certified
26 online pupil enrollment to the online pupil enrollment of the district prior
27 to calculating the district's total program pursuant to section 22-54-104.

1 **SECTION 6.** In Colorado Revised Statutes, 22-54-104, **amend**
2 (1)(a), (5)(g)(II), (5)(g)(III), (5)(g)(IV), and (5)(g)(V); and **repeal** (1)(b)
3 as follows:

4 **22-54-104. District total program - definitions.** (1) (a) For
5 every budget year, the provisions of this section shall be used to calculate
6 for each district AND EACH INSTITUTE CHARTER SCHOOL an amount that
7 represents the financial base of support for public education in that
8 district ~~Such amount shall be~~ OR INSTITUTE CHARTER SCHOOL. THIS
9 AMOUNT IS known as the district's OR INSTITUTE CHARTER SCHOOL'S total
10 program. The district's OR INSTITUTE CHARTER SCHOOL'S total program
11 ~~shall be~~ IS available to the district OR THE INSTITUTE CHARTER SCHOOL to
12 fund the costs of providing public education, and, except as otherwise
13 provided in section 22-54-105, the amounts and purposes for which such
14 moneys are budgeted and expended ~~shall be~~ ARE in the discretion of the
15 district OR THE INSTITUTE CHARTER SCHOOL.

16 (b) ~~Notwithstanding the provisions of paragraph (a) of this~~
17 ~~subsection (1), if a district is the accounting district of an institute charter~~
18 ~~school, then the calculation of total program pursuant to the provisions of~~
19 ~~this section shall also represent the financial base of support for the~~
20 ~~institute charter school, even though the institute charter school is not a~~
21 ~~school of the district. The amount of the district's state share of total~~
22 ~~program that is withheld from the district and paid to the state charter~~
23 ~~school institute pursuant to the provisions of section 22-54-115 (1.3);~~
24 ~~shall not be available to nor under the control of the district, but shall be~~
25 ~~under the control of the governing board of the institute charter school to~~
26 ~~fund the costs of providing public education to pupils enrolled in the~~
27 ~~institute charter school, and the amounts and purposes for which such~~

1 ~~moneys are budgeted and expended shall be in the discretion of the~~
2 ~~institute charter school.~~

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

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

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

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

19 (III) For the 2010-11 budget year and each budget year thereafter,
20 except as otherwise provided in ~~subparagraphs (IV) and (V) of this~~
21 ~~paragraph (g)~~ SUBSECTIONS (5)(g)(IV) and (5)(g)(V) OF THIS SECTION, a
22 district's OR AN INSTITUTE CHARTER SCHOOL'S total program ~~shall be~~ IS the
23 greater of:

24 (A) The amount calculated pursuant to subsection (2) of this
25 section for the applicable budget year ~~including funding for any institute~~
26 ~~charter school located within the district,~~ minus the district's OR THE
27 INSTITUTE CHARTER SCHOOL'S reduction amount for the applicable budget

1 year; or

2 (B) An amount equal to the base per pupil funding amount
3 specified in ~~paragraph (a) of subsection (5)~~ SUBSECTION (5)(a) of this
4 section for the applicable budget year, multiplied by the district's OR THE
5 INSTITUTE CHARTER SCHOOL'S funded pupil count for the applicable
6 budget year.

7 (IV) For the 2010-11 budget year, and each budget year thereafter,
8 the total program funding for a district that levies the number of mills
9 calculated pursuant to section 22-54-106 (2)(a)(II) ~~shall be~~ OR
10 (2)(a.3)(I)(B), WHICHEVER IS APPLICABLE, IS the amount calculated
11 pursuant to subsection (2) of this section for the applicable budget year.
12 Any such district shall use the revenues generated by the number of mills
13 that the district levies pursuant to section 22-54-106 (2)(a)(II) OR
14 (2)(a.3)(I)(B), WHICHEVER IS APPLICABLE, to replace any categorical
15 program support funds that the district would otherwise be eligible to
16 receive from the state; except that the amount of categorical program
17 support funds that the district is required to replace ~~shall~~ MUST not exceed
18 an amount equal to the district's reduction amount. The department shall
19 use the amount of categorical program support funds replaced by property
20 tax revenue pursuant to this ~~subparagraph (IV)~~ SUBSECTION (5)(g)(IV) to
21 make payments of categorical program support funds to eligible districts
22 as specified in section 22-54-107 (4).

23 (V) For the 2010-11 budget year and each budget year thereafter,
24 if a district levies the number of mills calculated pursuant to ~~section~~
25 ~~22-54-106 (2)(a)(I)~~ SECTION 22-54-106 (2)(a)(I), (2)(a.3)(I)(A), OR
26 (2)(a.3)(II), WHICHEVER IS APPLICABLE, and the district's reduction
27 amount exceeds the district's state share of total program funding, ~~such~~

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

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

19 **22-45-103. Funds.** (1) The following funds are created for each
20 school district for purposes specified in this article 45:

21 (k) **Total program reserve fund.** (I) FOR BUDGET YEARS
22 BEFORE THE 2023-24 BUDGET YEAR, OR BEFORE THE 2025-26 BUDGET
23 YEAR FOR A RURAL DISTRICT AS DESCRIBED IN SECTION 22-54-106(2)(a.5),
24 a school district shall deposit the property tax revenues that it collects
25 from a tax levy imposed pursuant to section 22-54-107 (5) SECTION
26 22-54-107(5)(a) in the total program reserve fund of the district. BEFORE
27 THE 2023-24 BUDGET YEAR OR THE 2025-26 BUDGET YEAR, WHICHEVER

1 APPLIES, the district may expend money from the total program reserve
2 fund only to offset the amount of a reduction in the district's state share
3 caused by application of the budget stabilization factor pursuant to section
4 22-54-104 (5)(g); except that, in a budget year in which the school district
5 levies for its total program the number of mills calculated pursuant to
6 section 22-54-106 (2)(a)(II), if the balance of the total program reserve
7 fund exceeds an amount equal to the district's total program for that
8 budget year multiplied by the budget stabilization factor calculated
9 pursuant to section 22-54-104 (5)(g) for that budget year, the district may
10 expend the amount of the excess balance. Any money remaining in the
11 fund at the end of a fiscal year must remain in the fund and may be used
12 in future years only as provided in this ~~subsection (1)(k)~~ SUBSECTION
13 (1)(k)(I).

14 (II) FOR THE 2023-24 BUDGET YEAR, OR FOR THE 2025-26 BUDGET
15 YEAR FOR A RURAL SCHOOL DISTRICT AS DESCRIBED IN SECTION 22-54-106
16 (2)(a.5), AND EACH BUDGET YEAR THEREAFTER, A SCHOOL DISTRICT SHALL
17 DEPOSIT THE PROPERTY TAX REVENUE THAT IT COLLECTS FROM A TAX
18 LEVY IMPOSED PURSUANT TO SECTION 22-54-107 (5)(b) IN THE TOTAL
19 PROGRAM RESERVE FUND OF THE DISTRICT. IN A PROPERTY TAX YEAR IN
20 WHICH THE COMBINED MILL LEVY DESCRIBED IN SECTION 22-54-107 (1)(b)
21 EXCEEDS THE COMBINED MILL LEVY FOR THE PRECEDING PROPERTY TAX
22 YEAR BY MORE THAN ONE MILL, A SCHOOL DISTRICT MAY INCREASE THE
23 MILL LEVY BY FEWER THAN THE NUMBER OF MILLS DESCRIBED IN SECTION
24 22-54-107 (1)(b) AND MAY EXPEND MONEY FROM THE TOTAL PROGRAM
25 RESERVE FUND IN AN AMOUNT EQUAL TO THE DIFFERENCE IN THE AMOUNT
26 OF PROPERTY TAX REVENUE THAT WOULD HAVE BEEN GENERATED BY THE
27 FULL INCREASE IN THE NUMBER OF MILLS AND THE AMOUNT GENERATED

1 BY THE NUMBER OF MILLS ACTUALLY LEVIED. IN ADDITION, IN A BUDGET
2 YEAR IN WHICH THE BALANCE OF THE TOTAL PROGRAM RESERVE FUND
3 EXCEEDS THE AMOUNT OF THE SCHOOL DISTRICT'S TOTAL PROGRAM
4 CALCULATED PURSUANT TO SECTION 22-54-104 (2) FOR THAT BUDGET
5 YEAR BY THIRTY PERCENT OR MORE, A SCHOOL DISTRICT MAY EXPEND THE
6 AMOUNT OF THE EXCESS BALANCE. ANY MONEY REMAINING IN THE FUND
7 AT THE END OF A FISCAL YEAR MUST REMAIN IN THE FUND AND MAY BE
8 USED IN FUTURE YEARS ONLY AS PROVIDED IN THIS SUBSECTION (1)(k)(II).

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

11 **22-54-107. Buy-out of categorical programs - total program**
12 **reserve fund levy.** (1) (a) FOR PROPERTY TAX YEARS BEFORE THE 2023
13 PROPERTY TAX YEAR, OR BEFORE THE 2025 PROPERTY TAX YEAR FOR A
14 RURAL DISTRICT AS DESCRIBED IN SECTION 22-54-106 (2)(a.5), if a district
15 levies the number of mills calculated pursuant to section 22-54-106
16 (2)(a)(II), the district shall make an additional levy to generate property
17 tax revenue in an amount equal to the amount of categorical support
18 funds; except that the total of the two levies cannot exceed the lesser of
19 the district's levy for the immediately preceding year, the district's
20 allowable levy under the property tax revenue limitation imposed on the
21 district by section 20 of article X of the state constitution if the district has
22 not obtained voter approval to retain and spend revenues in excess of
23 such property tax revenue limitation, or twenty-seven mills.

24 (b) FOR THE 2023 PROPERTY TAX YEAR, OR THE 2025 PROPERTY
25 TAX YEAR FOR A RURAL DISTRICT AS DESCRIBED IN SECTION 22-54-106
26 (2)(a.5), AND PROPERTY TAX YEARS THEREAFTER, IF A DISTRICT LEVIES
27 THE NUMBER OF MILLS CALCULATED PURSUANT TO SECTION 22-54-106

1 (2)(a.3)(I)(B), THE DISTRICT SHALL MAKE AN ADDITIONAL LEVY TO
2 GENERATE PROPERTY TAX REVENUE IN AN AMOUNT EQUAL TO THE
3 AMOUNT OF CATEGORICAL SUPPORT FUNDS; EXCEPT THAT THE TOTAL OF
4 THE TWO LEVIES CANNOT EXCEED THE LESSER OF:

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

10 (II) TWENTY-SEVEN MILLS.

11 (5) (a) For the 2016-17 budget year and each budget year
12 thereafter THROUGH THE 2022-23 BUDGET YEAR OR THROUGH THE
13 2024-25 BUDGET YEAR FOR A RURAL DISTRICT AS DESCRIBED IN SECTION
14 22-54-106 (2)(a.5), if a district levies the number of mills calculated
15 pursuant to section 22-54-106 (2)(a)(II) and the additional mill levy
16 described in subsection (1) of this section for categorical support funds,
17 and the combined total of the two levies is less than the number of mills
18 that the district levied in the preceding budget year, the district, in
19 addition to the two levies, shall assess a number of mills equal to the
20 difference between the combined total of the two levies and the number
21 of mills levied in the preceding budget year. The district shall deposit the
22 property tax revenue collected from the mills levied pursuant to this
23 ~~subsection (5)~~ SUBSECTION (5)(a) in the total program reserve fund
24 created in section 22-45-103 (1)(k).

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

1 OF MILLS CALCULATED PURSUANT TO SECTION 22-54-106 (2)(a.3)(I)(B)
2 AND THE ADDITIONAL MILL LEVY DESCRIBED IN SUBSECTION (1) OF THIS
3 SECTION FOR CATEGORICAL SUPPORT FUNDS, AND THE COMBINED TOTAL
4 OF THE TWO LEVIES IS LESS THAN THE NUMBER OF MILLS THAT THE
5 DISTRICT LEVIED IN THE PRECEDING BUDGET YEAR, THE DISTRICT, IN
6 ADDITION TO THE TWO LEVIES, MAY ASSESS A NUMBER OF MILLS EQUAL TO
7 THE DIFFERENCE BETWEEN THE COMBINED TOTAL OF THE TWO LEVIES AND
8 THE NUMBER OF MILLS LEVIED IN THE PRECEDING BUDGET YEAR. THE
9 DISTRICT SHALL DEPOSIT THE PROPERTY TAX REVENUE COLLECTED FROM
10 THE MILLS LEVIED PURSUANT TO THIS SUBSECTION (5)(b)(I) IN THE TOTAL
11 PROGRAM RESERVE FUND CREATED IN SECTION 22-45-103 (1)(k).

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

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

23 22-54-107.9. Mill levy override equalization - calculation -
24 distribution - fund created - definitions. (1) AS USED IN THIS SECTION,
25 UNLESS THE CONTEXT OTHERWISE REQUIRES:

26 (a) "AVAILABLE OVERRIDE MILL EQUALIZATION AMOUNT" MEANS
27 AN ELIGIBLE DISTRICT'S PROJECTED OVERRIDE MILL COST FOR THE

1 APPLICABLE PROPERTY TAX YEAR LESS THIRTY MILLS, MULTIPLIED BY THE
2 ELIGIBLE DISTRICT'S ASSESSED PROPERTY VALUE FOR THE APPLICABLE
3 PROPERTY TAX YEAR DIVIDED BY ONE THOUSAND.

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

6 (c) "ELIGIBLE DISTRICT" MEANS A DISTRICT THAT LEVIES THE
7 REQUIRED NUMBER OF TOTAL PROGRAM MILLS SPECIFIED IN SECTION
8 22-54-106 (2)(a.3)(I) AND THAT HAS A PROJECTED OVERRIDE MILL COST
9 THAT EXCEEDS THIRTY MILLS.

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

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

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

17 (g) "PROJECTED OVERRIDE MILL COST" MEANS THE NUMBER OF
18 MILLS THAT WOULD GENERATE PROPERTY TAX REVENUE IN A PROPERTY
19 TAX YEAR FOR A DISTRICT IN AN AMOUNT EQUAL TO THE LIMIT ON
20 ADDITIONAL LOCAL PROPERTY TAX REVENUES DESCRIBED IN SECTION
21 22-54-108 (3)(b)(III) OR (3)(b)(IV), WHICHEVER APPLIES TO THE DISTRICT.

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

27 (I) ONE PERCENT OF THE ELIGIBLE DISTRICT'S AVAILABLE

1 OVERRIDE MILL EQUALIZATION AMOUNT FOR EVERY ONE PERCENT OF THE
2 ELIGIBLE DISTRICT'S OVERRIDE MILL PERCENTAGE OF EFFORT UP TO
3 TWENTY PERCENT OVERRIDE MILL PERCENTAGE OF EFFORT; PLUS

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

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

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

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

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

10 (b) (I) FOR THE 2021-22 BUDGET YEAR AND EACH BUDGET YEAR
11 THEREAFTER, THE GENERAL ASSEMBLY SHALL ANNUALLY APPROPRIATE TO
12 THE FUND AN AMOUNT EQUAL TO THE TOTAL AMOUNT OF THE REDUCTION
13 IN DISTRICTS' STATE SHARE OF TOTAL PROGRAM PURSUANT TO SECTION
14 22-54-108 (5)(b)(II) FOR THE APPLICABLE BUDGET YEAR.

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

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

26 **22-54-108. Authorization of additional local revenues.**
27 **(3) (b) (IV) (C) For purposes of this subparagraph (IV) SUBSECTION**

1 (3)(b)(IV) AND SUBSECTION (5) OF THIS SECTION, a "small rural district"
2 is a district in Colorado that the department of education determines is
3 rural, based on the geographic size of the district and the distance of the
4 district from the nearest large, urbanized area, and that enrolls fewer than
5 one thousand students in kindergarten through twelfth grade.

6 (j) IN APPLYING THE LIMITATIONS DESCRIBED IN SUBSECTIONS
7 (3)(b)(III), (3)(b)(IV), AND (5) OF THIS SECTION TO ELECTIONS HELD AFTER
8 THE EFFECTIVE DATE OF THIS SUBSECTION (3)(j), ANY ADDITIONAL LOCAL
9 PROPERTY TAX REVENUE AUTHORIZED PURSUANT TO SECTION 22-54-108.7
10 AT AN ELECTION HELD AFTER NOVEMBER 2019 COUNTS TOWARD THE
11 LIMITATIONS.

12 (5) (a) NOTWITHSTANDING ANY PROVISION OF SUBSECTION (3)(b)
13 OF THIS SECTION TO THE CONTRARY, EFFECTIVE JULY 1, 2021, IF A
14 DISTRICT MEETS THE REQUIREMENTS SPECIFIED IN SUBSECTION (5)(b) OF
15 THIS SECTION, THE TOTAL ADDITIONAL LOCAL PROPERTY TAX REVENUE
16 THAT THE DISTRICT MAY RECEIVE PURSUANT TO AN ELECTION HELD
17 PURSUANT TO THIS SECTION MAY EXCEED:

18 (I) IF THE DISTRICT IS NOT A SMALL RURAL DISTRICT,
19 TWENTY-FIVE PERCENT BUT MAY NOT EXCEED THIRTY PERCENT OF THE
20 DISTRICT'S TOTAL PROGRAM, AS DETERMINED PURSUANT TO SECTION
21 22-54-104 (2); OR

22 (II) IF THE DISTRICT IS A SMALL RURAL DISTRICT, THIRTY PERCENT
23 BUT MAY NOT EXCEED THIRTY-FIVE PERCENT OF THE SMALL RURAL
24 DISTRICT'S TOTAL PROGRAM, AS DETERMINED PURSUANT TO SECTION
25 22-54-104 (2).

26 (b) A DISTRICT QUALIFIES FOR THE INCREASED REVENUE LIMITS
27 SPECIFIED IN SUBSECTION (5)(a) OF THIS SECTION ONLY IF THE DISTRICT:

1 (I) LEVIES THE NUMBER OF TOTAL PROGRAM MILLS REQUIRED IN
2 SECTION 22-54-106 (2)(a.3)(I); AND

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

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

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

27 **SECTION 11. In Colorado Revised Statutes, 22-54-108.7, add**

1 (3) and (4) as follows:

2 **22-54-108.7. Authorization of additional local revenues for**
3 **cash funding of capital construction, new technology, existing**
4 **technology upgrade, and maintenance needs - definition.**

5 (3) NOTWITHSTANDING ANY PROVISION OF THIS SECTION TO THE
6 CONTRARY, ANY ADDITIONAL PROPERTY TAX REVENUE AUTHORIZED
7 PURSUANT TO THIS SECTION AT AN ELECTION HELD AFTER NOVEMBER
8 2019 IS INCLUDED IN APPLYING THE LIMITATIONS DESCRIBED IN SECTION
9 22-54-108 (3)(b)(III), (3)(b)(IV), AND (5).

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

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