

CSFP Legislative Update

June 26, 2020

**Tracie Rainey
Justin Silverstein**

Today's Topics



2020 Legislative Session

School Finance Act (HB20-1418)

Adjust Tax Expenditures for State
Education Fund (HB20-1420)

Legislative Referred measures to Ballot:

- Repeal Property Tax Assessment Rates,
Repeal Gallagher (SCR20-001)
- Cigarette, Tobacco and Nicotine
Products Tax (HB20-1427)



Potential Ballot Measures

Fair Tax Colorado (Initiative
271)

Energize Our Economy
(Initiative 306)

STATE STARTING POINT

What we know

The state cut \$3.2 Billion

B/S Factor - **\$1.17 Billion an
increase of \$601 million**

The local share will be impacted

Federal one-time money

Measures referred to ballot

**School Finance
Act
HB20-1418:
OVERVIEW**

Mill Levy – Total
Program Mills

Rearranging Factors-
implications

Hitting the Base –
what it means

**School Finance
Act
HB20-1418:
OVERVIEW
(continued)**

Impacts on Local Share:

- Tax Collections
- RAR
- Gallagher and SFA

One-time dollars used

Transfers to State Education Fund

	FY 2019-20	FY 2020-21
Early Literacy Fund	-	(\$3,500,000)
Teacher of the Year Fund	-	(\$11,831)
School Cardiopulmonary Resuscitation and Automatic External Defibrillator Training Fund	-	(\$98,165)
Closing the Achievement Gap Cash Fund	-	(\$59,205)
Great Teachers and Leaders Fund	-	(\$22,581)
Nonpublic School Fingerprint Fund	-	(\$15,546)
Student Re-engagement Grant Program Fund	-	(\$9,011)
Retaining Teachers Fund	-	(\$2,500,000)
Full Day Kindergarten Facilities Cap. Const. Fund	(\$185,085)	-
Transferred to State Education Fund	\$185,085	\$6,216,339

Program Funding Changes

	FY 2019-20	FY 2020-21	FY 2021-22
School Counselor Corps - FAFSA Completion	-	(\$250,000)	-
Computer Science Education Grant Program	-	(\$250,000)	-
K-5 Social Emotional Health Pilot Program	-	(\$2,500,000) (1.0 FTE)	-
Grow Your Own Educator Program	-	(\$1,022,933) (0.3 FTE)	(\$22,933) (0.3 FTE)
AP Incentives Program	-	(\$262,763) (0.3 FTE)	-
Local Food Purchasing Program	-	(\$675,255) (0.4 FTE)	-
Retaining Teacher Program	-	(\$2,500,000) (1.0 FTE)	-
Quality Teacher Recruitment Program	(\$1,000,000)		
Total	(\$1,000,000)	(\$7,460,951)	(\$22,933)

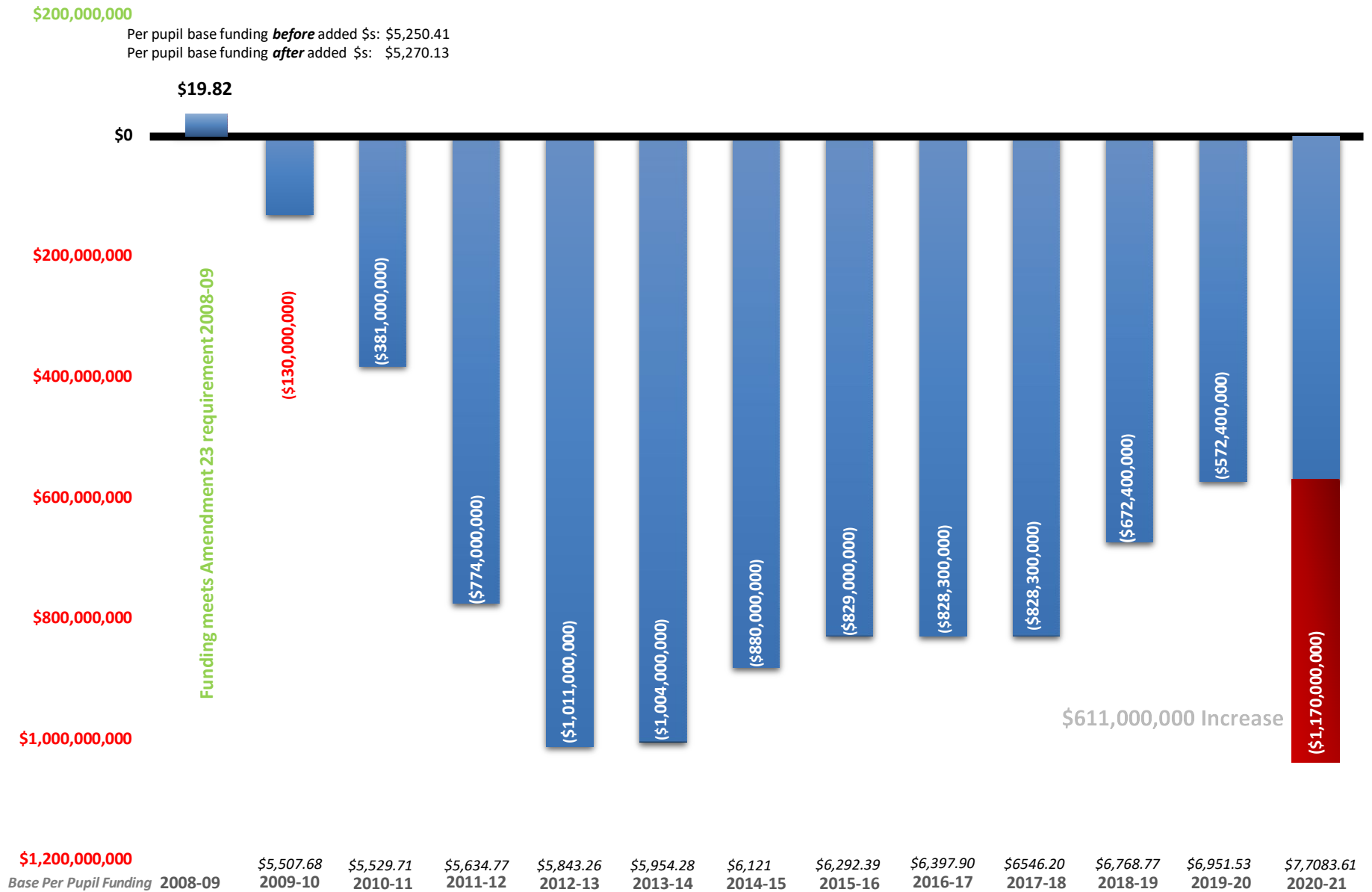
**School Finance
Act
HB20-1418:
BUDGET
STABILIZATION
FACTOR**

Increases the budget stabilization factor by **\$601.1 million**

Equals **\$1.17 billion** in FY 2020-21

For FY 2021-22, the budget stabilization factor *cannot exceed* the FY 2020-21 level. (This impacts budgeting)

2008-2021 Budget Stabilization Factor: Reflects passage of HB20-14



TWELVE YEARS OF BUDGET STABILIZATION FACTOR:
2009-2021

**School
Finance Act
HB20-1418:
MILL LEVIES**

Mesa County

Adjusts mills to when de-bruced – and
a tax credit reflecting difference

Statutory cap at 27

Legislative action to make changes

Court challenge

Example generate same local share
dollars as previous year and adjust mills
accordingly – this was process before
1992

District Mills at time “De-brucing”

County	School District	Election Year	School Year	Mills at Election
ADAMS	MAPLETON	2002	2002-03	29.183
ADAMS	ADAMS 12	1999	1999-20	33.274
ADAMS	COMMERCE CITY	1999	1999-20	32.803
ADAMS	BRIGHTON	1998	1998-99	35.519
ADAMS	BENNETT	1996	1996-97	40.08
ADAMS	STRASBURG	1997	1997-98	38.696
ADAMS	WESTMINSTER	1998	1998-99	37.505
ALAMOSA	ALAMOSA	1998	1998-99	36.708
ALAMOSA	SANGRE DE CRISTO	1996	1996-97	38.903
ARAPAHOE	ENGLEWOOD	1999	1999-20	27.295
ARAPAHOE	SHERIDAN	1996	1996-97	40.08
ARAPAHOE	CHERRY CREEK			
ARAPAHOE	LITTLETON	1998	1998-99	33.573

**Adjust Tax
Expenditures
for State
Education
Fund
(HB20-1420)**

**De-coupled Colorado
taxes from Federal
taxes – helped June
forecast**

**Transfers \$113M in
FY2020-21 and
\$23M in FY2021-22
to SEF**

**Referred
Measure:
Repeal
Gallagher
(HB20-1420)**

***What
it
does:***

Removes 45%-55% ratio

Stabilizes local share

*Prevents cuts to local
government*

***What it
does
NOT do:***

***RAISE ADDITIONAL
REVENUE***

**Referred
Measure:
Vaping and
Nicotine Tax
HB20-1427**

The measure increases state expenditures by \$82.7 million in FY 2020-21 and \$167.6 million in FY 2021-22

Monies to be used for:

Rural schools \$25, \$30 and \$35 million over 3 years then preschool (also Tobacco education and some health care programs)

**Potential
Ballot
Measure:
Fair Tax
Colorado
(Initiative
271)**

- What does it mean for your district?

[CSFP Chart](#) –Shows

\$600M and \$1B

Important links:

[Single-Line Petition](#)

[Carry a petition](#)

INITIATIVE #271

INITIATIVE #271 WILL:

Repeal the constitutional requirement that all taxable net income be taxed at one rate.

Create a tiered tax structure helping to equalize across all taxpayers the portion of their income they pay in state and local taxes.

Establish a 25-member Fair Tax Commission

96%

of Colorado Taxpayers have taxable income less than \$250k

2.5%

of Colorado Taxpayers have taxable income between \$250k and \$500k

0.75%

of Colorado Taxpayers have taxable income between \$500k and \$1m

0.36%

of Colorado Taxpayers have taxable income over \$1m

All taxpayers pay a lower rate of 4.58% on first \$250k of taxable income

Subsequent \$250k will be taxed at 7.00%

Next \$250k in taxable income is taxed at 7.75%

Taxable income above \$1m is taxed at 8.90%

Income of \$250,000

Income of \$500,000

Income of \$1,000,000

**CSFP
Request:
Capture
Budget cuts
due COVID-19**

Want:

- To capture impact of budget cuts

How to share:

- Take a few minutes to fill-in [Google Sheet](#) or Excel sheet

QUESTIONS: NOW OR LATER

Tracie Rainey

- T.Rainey@cosfp.org
- 303-860-9136

Stay connected:

- www.cosfp.org
- @COSFP
- Colorado School Finance Project - Facebook