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

A BILL FOR AN ACT

101 CONCERNING THE NUMBER OF PROPERTY TAX MILLS THAT A SCHOOL
102 DISTRICT IS REQUIRED TO LEVY FOR THE SCHOOL DISTRICT'S
103 SHARE OF TOTAL PROGRAM FUNDING.

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/.)

Joint Budget Committee. 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

Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.
equals the difference between the district's share and the amount of the district's total program.

Beginning with the 2019 property tax year, the bill requires each school district to levy $X$ 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. If the number of mills required in the bill is an increase in a school district's current levy, the school district must seek voter approval for the increase. A school district is not required to increase the mill levy by more than $X$ mills every 2 years. A school district may count mills that it levies for additional revenue 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 [OPTION 1: the school district's total program funding calculated using minimum per pupil funding, less the amount of the budget stabilization factor.] [OPTION 2: an amount equal to the school district's funded pupil count multiplied by statewide base per pupil funding.] A school district is prohibited from seeking voter approval for mill levy overrides until the school district is levying the required number of total program mills.

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2 Be it enacted by the General Assembly of the State of Colorado:
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4 SECTION 1. In Colorado Revised Statutes, 22-54-106, amend
5 (1)(a)(I), (1)(b)(I), (2)(a) introductory portion, and (2)(c); and add
6 (2)(a.5) as follows:
7
8 22-54-106. Local and state shares of district total program.
9 (1) (a) (I) FOR PROPERTY TAX YEARS BEFORE THE 2019 PROPERTY TAX
10 YEAR, every district shall levy the number of mills determined pursuant
11 to paragraph (a) of subsection (2) of this section, and SUBSECTION (2)(a)
12 OF THIS SECTION. FOR THE 2019 PROPERTY TAX YEAR AND EACH PROPERTY
13 TAX YEAR THEREAFTER, EACH DISTRICT SHALL LEVY THE NUMBER OF
14 MILLS DETERMINED PURSUANT TO SUBSECTION (2)(a.5) OF THIS SECTION.
15 The amount of property tax revenue which the THAT A district is entitled
16 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 the district's share of its total program.

(b) (I) Except as provided in subsections (11) and (12) 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; except that, in a budget year in which a district levies a lesser number of mills than that required in subsection (2)(a.5) of this section, the state's share of a district's total program is the amount necessary to ensure that the combined total of the district's share, assuming one hundred percent collection of the number of mills levied, and the amount the district receives from the state is not less than [OPTION 1: the amount of total program funding calculated for the district pursuant to section 22-54-104 (2)(a)(IX)(B) using minimum per pupil funding, less the budget stabilization factor calculated pursuant to section 22-54-104 (5)(g), for the applicable budget year.] [OPTION 2: an amount equal to the statewide base per pupil funding amount, specified in section 22-54-104 (5)(a) for the applicable budget year, multiplied by the district's funded pupil count for the applicable budget year.]

(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 2018 property tax year, each district shall levy the lesser of:

(a.5) (I) For the 2019 property tax year and each property tax year thereafter, each district shall levy the lesser of:
(A) \textbf{X} MILLS; OR

(B) \textbf{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.5)(I)(B), A DISTRICT'S TOTAL PROGRAM IS THE AMOUNT
CALCULATED PERSUANT TO SECTION 22-54-104 (2).

(II) \textbf{BEGINNING WITH THE 2019 PROPERTY TAX YEAR, A DISTRICT}

SHALL SEEK VOTER APPROVAL, AS NECESSARY, TO COMPLY WITH THE MILL
LEVY REQUIREMENTS SPECIFIED IN SUBSECTION (2)(a.5)(I) OF THIS
SECTION. A DISTRICT MAY INCREMENTALLY INCREASE THE NUMBER OF
MILLS LEVIED, STARTING WITH THE 2019 PROPERTY TAX YEAR, BY
INCREASING THE MILL LEVY BY AT LEAST \textbf{X} MILLS EVERY TWO PROPERTY
TAX YEARS UP TO THE NUMBER OF MILLS REQUIRED IN SUBSECTION
(2)(a.5)(I) OF THIS SECTION. The district's share of total program
for a budget year in which the district, pursuant to this
subsection (2)(a.5)(II), levies fewer than the number of mills
required in subsection (2)(a.5)(I) of this section is calculated
based on the actual number of mills the district levies or the
number of mills that the district is required to levy pursuant to
this subsection (2)(a.5)(II), whichever is greater.

(III) \textbf{A DISTRICT MAY COUNT ALL OR ANY PORTION OF THE MILLS}

THAT THE DISTRICT LEVIES PERSUANT TO SECTION 22-54-108 AS MILLS
LEVIED PERSUANT TO THIS SUBSECTION (2)(a.5) TO COMPLY WITH THE
REQUIREMENTS SPECIFIED IN SUBSECTIONS (2)(a.5)(I) AND (2)(a.5)(II) OF
THIS SECTION.
(c)(I) Notwithstanding any other provision of this subsection (2), for property tax years before the 2019 property tax year, 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) subsection (2)(c) shall 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 2019 property tax year, 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) subsection (2)(a) of this section.

(III) For the 2019 property tax year and each property tax year thereafter, if there is a reorganization pursuant to article 30 of this title 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.5) of this section, as applicable.

SECTION 2. 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. A school district shall deposit the property tax revenues that it collects from a tax levy imposed pursuant to section 22-54-107 (5) in the total program reserve fund of the district. 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) or (2)(a.5)(I)(B), whichever is applicable, 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).

SECTION 3. In Colorado Revised Statutes, 22-54-104, amend (5)(g)(IV) and (5)(g)(V) as follows:

22-54-104. District total program - definitions. (5) For purposes of the formulas used in this section:

  (g) (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.5)(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.5)(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 MUST 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) SUBSECTION (5)(g)(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) SECTION 22-54-106 (2)(a)(I), (2)(a.5)(I)(A), OR (2)(a.5)(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 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) SECTION 22-54-106 (2)(a)(I), (2)(a.5)(I)(A), OR (2)(a.5)(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 4. 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) If a district levies the number of mills calculated pursuant to section 22-54-106 (2)(a)(II) or (2)(a.5)(I)(B), whichever is applicable, 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:

(a) For property tax years before the 2019 property tax year, 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; or

(b) For the 2019 property tax year and property tax years thereafter, the district's levy for the immediately preceding year.

(5) For the 2016-17 budget year and each budget year thereafter, if a district levies the number of mills calculated pursuant to section 22-54-106 (2)(a)(II) or (2)(a.5)(I)(B), whichever is applicable, 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) in the total program reserve fund created in section 22-45-103 (1)(k).

SECTION 5. In Colorado Revised Statutes, 22-54-108, add (5)
as follows:

22-54-108. Authorization of additional local revenues.
(5) Notwithstanding any provision of this section to the contrary, on and after the effective date of this section, a district shall not seek voter approval for additional local revenues pursuant to this section until such time as the district levies the number of mills required in section 22-54-106 (2)(a.5)(I).

SECTION 6. In Colorado Revised Statutes, 22-54-108.5, add (4) as follows:

22-54-108.5. Authorization of additional local revenues for full-day kindergarten - definitions.
(4) Notwithstanding any provision of this section to the contrary, on and after the effective date of this section, a district shall not seek voter approval for additional local revenues pursuant to this section until such time as the district levies the number of mills required in section 22-54-106 (2)(a.5)(I).

SECTION 7. In Colorado Revised Statutes, 22-54-108.7, add (3)
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, on and after the effective date of this section, a district shall not seek voter approval for additional local revenues pursuant to this section until such time as the district levies the number of mills required in section 22-54-106 (2)(a.5)(I).

SECTION 8. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 2, 2019, if adjournment sine die is on May 3, 2019); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2020 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.