FISCAL IMPACT: ☐ State ☒ Local ☐ Statutory Public Entity ☒ Conditional ☐ No Fiscal Impact

Drafting Number: LLS 16-0584  Date: July 26, 2016
Prime Sponsor(s): Rep. Mitsch Bush; Becker J.  Bill Status: Signed into Law
Sen. Sonnenberg  Fiscal Analyst: Josh Abram (303-866-3561)

BILL TOPIC: DEBT-FREE SCHOOLS ACT

Summary of Legislation

This bill authorizes a school district, with voter approval, to impose an additional mill levy for the sole purpose of cash funding its capital construction and facility maintenance needs without borrowing money. Revenue raised from such a mill levy and related interest earned must be deposited in a supplemental capital construction and maintenance fund. New revenue may only be used for the capital construction, technology, technology upgrades, and the facility maintenance needs of the district. Districts may not pledge any of this revenue for the repayment of existing or new debt.

A charter school may request that the district include the charter school’s capital construction and technology maintenance needs as part of the ballot question to approve the additional mill levy.

The new property tax revenue collected as a result of this additional mill levy may exceed the caps in current law on additional local school district revenue raised from mill levy overrides and bonded capital construction.

Background

Under current law, a school district that wants to raise and spend local property tax revenue in excess of the district’s total program funding under the state’s School Finance Act may submit a ballot question to the voters in that district for approval. These are referred to as mill levy overrides. The total additional local property tax revenue that may be authorized by voters may not exceed an amount equal to 25 percent of that district’s total program funding. For some small rural districts, the limit is 30 percent of total program funding. This bill authorizes an additional mill levy that is not constrained by these limits.

In addition to a property tax mill levy override for the district’s general operating budget, school districts may also raise property tax revenue to:

- buy back categorical funding provided by the state;
- provide a supplemental cost of living adjustment for the district; or
- to provide funding for full day kindergarten programs.
School District Impact

The bill has a conditional impact on local school district revenue collected from property taxation. Should a local board of education place a ballot question for additional local revenue and the voters authorize the district to collect, keep, and spend that revenue, a district's local revenue for capital construction and maintenance is increased.

Under current law, school districts and Boards of Cooperative Educational Services (BOCES) may submit a separate estimate of fiscal impacts within seven days of a bill's introduction. Estimates submitted by districts or BOCES for this bill can be found on the Legislative Council website at this address: http://1.usa.gov/23AxLIT

Effective Date

The bill was signed into law by the Governor and took effect on May 17, 2016.

State and Local Government Contacts

| Counties Law | County Clerk And Recorders Local Affairs | Education Secretary Of State |