Second Regular Session Sixty-seventh General Assembly STATE OF COLORADO

PREAMENDED

This Unofficial Version Includes Committee Amendments Not Yet Adopted on Second Reading

LLS NO. 10-0188.01 Nicole Myers

HOUSE BILL 10-1013

HOUSE SPONSORSHIP

Middleton, Massey, Merrifield, Scanlan, Stephens

SENATE SPONSORSHIP

Romer, King K., Spence, Steadman

House Committees

Senate Committees

Education Appropriations

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A BILL FOR AN ACT CONCERNING THE MODIFICATION OF CERTAIN PROVISIONS RELATED TO THE ADMINISTRATION OF PUBLIC SCHOOLS FROM KINDERGARTEN THROUGH THE TWELFTH GRADE.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Interim Committee to Study School Finance. Section 1 requires school districts to provide funding for capital construction to each qualified charter school in the district by making a monthly payment to the qualified charter school after the school district has received the monthly payment from the department of education (department). Section 2 requires the department to provide funding for capital

construction to the state charter school institute by making a monthly payment to the institute and requires the institute to promptly remit the appropriate amount to each qualified institute charter school. Both sections 1 and 2 are conforming amendments necessary due to a change, made during the 2009 legislative session, in the way capital construction moneys are distributed to charter schools.

Section 3 eliminates a local board of education's authority to negotiate business incentive agreements (BIAs) with a taxpayer who establishes a new business facility in the school district. **Section 5** eliminates the provision allowing any school district that has entered into a business incentive agreement with a taxpayer to receive state share of total program funding in an amount equal to the amount of the incentive payment or credit to the taxpayer pursuant to the agreement. This funding is in lieu of property taxes that are not collected by the district due to the agreement. School districts were prohibited from entering into new agreements after May 22, 2003. Only 2 districts still have an agreement in place, and those agreements will expire in the 2010-11 budget year. Money has not been appropriated for funding the agreements since the 2006-07 budget year. **Sections 4 and 10** make conforming amendments necessary due to the elimination of BIAs.

Section 6. During the 2009 legislative session, the amount of additional local property tax revenues that a school district may receive was increased from 20% to 25% of the district's total program. To retain the additional 5%, the statute requires a district to notify the state board of education when it plans to seek voter approval to retain and spend the additional property tax revenues and to submit a proposal of what the district will do with the additional revenues. Section 6 eliminates the notification requirements but still allows a district to receive up to 25% of the district's total program from additional local property tax revenues.

Section 7 eliminates the requirement that the department reduce a school district's state share of total program funding by an amount equal to the payment that the district receives as impact assistance in lieu of taxes from the division of wildlife. **Section 11** eliminates the requirement that the district certify to the department the amount it receives from impact funds.

Section 8. The general assembly is required to make an annual appropriation for matching funds pursuant to the "National School Lunch Act". Prior to the budget year in which the general assembly began to appropriate moneys for the matching funds, some school food authorities used moneys from the authority's general fund to subsidize school lunches. Those authorities are prohibited from using the matching fund moneys in lieu of the general fund moneys they were already spending on school lunches. Section 8 eliminates the prohibition.

Section 9. In the 2008 legislative session, the general assembly increased the charter school capital construction appropriation and

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required that a specific amount of the increase be distributed to a charter school for the deaf and blind for the 2008-09 budget year only. Section 9 eliminates language that was necessary in connection with the distribution of these moneys. **Section 12** is a conforming amendment necessitated by the repeal in section 9.

1 *Be it enacted by the General Assembly of the State of Colorado:* 2 **SECTION 1.** 22-30.5-112.3 (1) (c), Colorado Revised Statutes, 3 is amended to read: 4 22-30.5-112.3. Charter schools - additional aid from district. 5 (1) (c) A district shall provide funding to each qualified charter school, 6 as defined in section 22-54-124 (1) (f.6), by making a single lump-sum 7 MONTHLY payment to the qualified charter school as soon as possible 8 after the district receives a lump-sum MONTHLY payment of state 9 education fund moneys pursuant to section 22-54-124 (4). 10 **SECTION 2.** 22-30.5-515 (3), Colorado Revised Statutes, is 11 amended to read: 12 22-30.5-515. Institute charter school - additional aid. (3) The 13 department shall provide funding to each qualified charter school that is 14 an institute charter school by making a single lump-sum MONTHLY 15 payment to the institute as soon as possible after the department receives 16 a lump-sum MONTHLY payment of state education fund moneys pursuant 17 to section 22-54-124. The institute shall promptly remit the appropriate 18 amount to each eligible institute charter school and shall not withhold any 19 portion of the amount. 20 **SECTION 3. Repeal.** 22-32-110 (1) (ff) and (1) (gg), Colorado 21 Revised Statutes, are repealed as follows: 22 **22-32-110.** Board of education - specific powers. (1) In 23 addition to any other power granted to a board of education of a school

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district by law, each board of education of a school district shall have the following specific powers, to be exercised in its judgment:

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(ff) (I) To negotiate for an incentive payment or credit with any taxpayer who establishes a new business facility, as defined in section 39-30-105 (7) (e), C.R.S., in the school district; however, no negotiations may be entered into with any taxpayer establishing a new business facility unless the school district has been notified, pursuant to sections 30-11-123 (5) and 31-15-903 (4), C.R.S., by any county and by any municipality in which the new business facility would be located of agreements negotiated by the local governments with the taxpayer. In no instance shall any negotiation result in an annual incentive payment or credit that exceeds fifty percent of the amount of the taxes levied by the school district upon the taxable personal property located at or within the new business facility and used in connection with the operation of the new business facility for the current property tax year. An agreement negotiated pursuant to this paragraph (ff) prior to July 1, 1994, shall be valid. Any school district that negotiates any agreement pursuant to the provisions of this paragraph (ff) shall inform any county and any municipality in which a new business facility would be located of the negotiations. The terms of any agreement made pursuant to the provisions of this paragraph (ff) shall not exceed four years; except that the term of any agreement made or amended on or after June 3, 2002, may extend to as many as ten years, including the term of any original agreement being renewed, if the county, and if applicable the municipality, in which a new business facility is established have negotiated agreements with the same taxpayer for the same period pursuant to sections 30-11-123 (1) (b) and 31-15-903 (1) (b), C.R.S.

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(II) On or after June 3, 2002, a school district board of education shall not enter into an agreement to provide an incentive payment or credit pursuant to subparagraph (I) of this paragraph (ff) unless the Colorado economic development commission has reviewed the agreement.

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(III) Notwithstanding any other provision of law, on or after May 22, 2003, a school district shall not enter into an agreement to provide an incentive payment or credit pursuant to subparagraph (I) of this paragraph (ff).

(gg) (I) To negotiate for an incentive payment or credit with any taxpayer who expands a facility, as defined in section 39-30-105 (7) (c), C.R.S., the expansion of which constitutes a new business facility, as defined in section 39-30-105 (7) (e), C.R.S., and that is located in the school district; however, no negotiations may be entered into with any taxpayer expanding a facility unless the school district has been notified, pursuant to sections 30-11-123 (5) and 31-15-903 (4), C.R.S., by any county and by any municipality in which the expanded business facility is located of agreements negotiated by the local governments with the taxpayer. In no instance shall any negotiation result in an annual incentive payment or credit that is greater than fifty percent of the amount of the taxes levied by the school district upon the taxable personal property directly attributable to the expansion, located at or within the expanded facility, and used in connection with the operation of the expanded facility for the current property tax year. An agreement negotiated pursuant to this paragraph (gg) prior to July 1, 1994, shall be valid. Any school district which negotiates any agreement pursuant to the provisions of this paragraph (gg) shall inform any county and any

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municipality in which an expanded business facility is located of the negotiations. The terms of any agreement made pursuant to the provisions of this paragraph (gg) shall not exceed four years; except that the term of any agreement made or amended on or after June 3, 2002, may extend to as many as ten years, including the term of any original agreement being renewed, if the county, and if applicable the municipality, in which an expanded business facility is located have negotiated agreements with the same taxpayer for the same period pursuant to sections 30-11-123 (2) and 31-15-903 (2), C.R.S. (II) On or after June 3, 2002, a school district board of education shall not enter into an agreement to provide an incentive payment or credit pursuant to subparagraph (I) of this paragraph (gg) unless the Colorado economic development commission has reviewed the agreement. (III) Notwithstanding any other provision of law, on or after May 22, 2003, a school district shall not enter into an agreement to provide an incentive payment or credit pursuant to subparagraph (I) of this paragraph (gg). **SECTION 4.** 22-54-104.1 (2), Colorado Revised Statutes, is amended to read: 22-54-104.1. General fund appropriations requirements maintenance of effort base. (2) For purposes of this section, "maintenance of effort base" means the aggregate amount of general fund appropriations for total program pursuant to the provisions of this article for the immediately preceding state fiscal year, including ANY INCREASES

OR DECREASES MADE TO SAID APPROPRIATIONS THROUGH THE ENACTMENT

OF A SUPPLEMENTAL APPROPRIATION BILL OR BILLS FOR THAT STATE

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1	FISCAL YEAR.
2	(a) Any increases or decreases made to said appropriations
3	through the enactment of a supplemental appropriation bill or bills for
4	that state fiscal year; and
5	(b) Any general fund appropriation for the state's share of the
6	district's total program as determined pursuant to section 22-54-106 (8).
7	SECTION 5. 22-54-106 (1) (b), (4) (d), and (8), Colorado
8	Revised Statutes, are amended to read:
9	22-54-106. Local and state shares of district total program.
10	(1) (b) Except as provided in subsections (8), (11), SUBSECTIONS (11) and
11	(12) of this section, the state's share of a district's total program shall be
12	the difference between the district's total program and the district's share
13	of its total program; except that no district shall receive less in state aid
14	than an amount established by the general assembly in the annual general
15	appropriation act based upon the amount of school lands and mineral
16	lease moneys received pursuant to the provisions of article 41 of this title
17	and section 34-63-102 (2), C.R.S., multiplied by the district's funded
18	pupil count.
19	(4) (d) For purposes of this subsection (4), "state's share of the
20	total program of all districts" does not include the aggregate amount of
21	additional state aid provided pursuant to subsection (8) of this section to
22	all districts that have entered into agreements with taxpayers pursuant to
23	section 22-32-110 (1) (ff) or (1) (gg).
24	(8) (a) (I) Subject to the limitations in subparagraph (II) of this
25	paragraph (a), for any school district that has entered into an agreement
26	with a taxpayer pursuant to section 22-32-110 (1) (ff) or (1) (gg) before
27	May 22, 2003, the state's share of the district's total program shall be the

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amount by which the district's total program exceeds the amount of specific ownership tax revenue paid to the district and the amount of property tax revenue that the district would have been entitled to receive if the valuation for assessment of the district did not include the portion of the valuation for assessment of the personal property of such taxpayer that, when levied upon by the district, would result in property tax revenue equal to the amount of incentive payment or credit to such taxpayer pursuant to such agreement.

(II) For the 1995-96 budget year and budget years thereafter until the earlier of the 2012-13 budget year or ten years after the creation of an agreement entered into pursuant to section 22-32-110 (1) (ff) or (1) (gg) before May 22, 2003, the department of education shall ensure that the amount of the state's share of the district's total program, as calculated pursuant to subparagraph (I) of this paragraph (a), does not exceed the amount of the state's share of the district's total program that would otherwise have resulted if the taxpayer had not established the new business facility or expanded the existing facility. The state board shall prescribe, by rule and regulation, guidelines for the department to use in making the determination concerning the state's share pursuant to this subparagraph (II).

(8) is solely for the purpose of determining the state's share of a district's total program if the district has entered into an agreement pursuant to section 22-32-110 (1) (ff) or (1) (gg), and nothing in this subsection (8) shall be construed to decrease the valuation for assessment of personal property in the district or to affect the number of mills required by subsection (2) of this section or section 22-54-107 to be levied on the

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valuation for assessment of real and personal property in the district.

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- (c) Nothing in this subsection (8) shall be construed to increase a district's total program as determined in accordance with section 22-54-104.
- (d) The state's share of a district's total program shall only be calculated under the provisions of this subsection (8) for a period of ten years as a result of an agreement or series of agreements between the district and a taxpayer with respect to the establishment of the same new business facility or the same specific expansion of an existing facility.
- (e) (I) For the 2005-06 budget year and each budget year thereafter, if the general assembly does not appropriate an amount sufficient to fully fund the amount of additional state aid available pursuant to paragraph (a) of this subsection (8) to all districts that have entered into an agreement with a taxpayer pursuant to section 22-32-110 (1) (ff) or (1) (gg), or if a supplemental appropriation is made to reduce or eliminate the additional state aid that such districts would otherwise receive pursuant to paragraph (a) of this subsection (8), the additional state aid that each such district would otherwise receive pursuant to paragraph (a) of this subsection (8) shall be reduced by a percentage determined by dividing the deficit in such appropriation or the reduction in the appropriation, whichever is applicable, by the total amount of additional state aid that such districts would have received pursuant to paragraph (a) of this subsection (8) absent the deficit or reduction in the appropriation. The department of education shall ensure that the reduction in state aid required by this paragraph (e) is accomplished prior to the end of the budget year.
 - (II) For purposes of this section, "additional state aid" means the

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(A) The amount of the state's share of a district's total program
calculated in accordance with paragraph (a) of this subsection (8); and
(B) The amount of what the state's share of such district's total

(B) The amount of what the state's share of such district's total program would have been if the valuation for assessment of the district that entered into an agreement with a taxpayer pursuant to section 22-32-110 (1) (ff) or (1) (gg) included the portion of the valuation for assessment of the personal property of the taxpayer which, when levied upon by the district, would result in property tax revenue equal to the amount of incentive payment or credit to such taxpayer pursuant to such agreement.

SECTION 6. 22-54-108 (3) (b) (III) and (4), Colorado Revised Statutes, are amended to read:

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

(3) (b) (III) On and after May 21, 2009, for any district that meets the requirements of subsection (4) of this section, the total additional local property tax revenues that may be received pursuant to an election held pursuant to this section shall not exceed under any circumstances twenty-five percent of the district's total program, as determined pursuant to section 22-54-104 (2), or two hundred thousand dollars, whichever is greater, plus an amount equal to the maximum dollar amount of property tax revenue that the district could have generated for the 2001-02 budget year if, in accordance with the provisions of section 22-54-107.5, the district submitted a question to and received approval of the eligible electors of the district at an election held in November 2001.

(4) (a) On and after May 21, 2009, any district that intends to seek voter approval to retain and spend additional property tax revenues

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pursuant to subparagraph (III) of paragraph (b) of subsection (3) of this			
section shall notify the state board, in a manner to be determined by the			
state board, prior to holding an election pursuant to this section.			
(b) Any district that submits notice to the state board pursuant to			
paragraph (a) of this subsection (4) shall also submit to the state board a			
proposal regarding the district's proposed use of the additional property			
tax revenues, which may include capital construction projects.			
SECTION 7. 22-54-123 (1), Colorado Revised Statutes, is			
amended to read:			
22-54-123. National school lunch act - appropriation of state			
matching funds. (1) For the 2001-02 budget year and budget years			
thereafter, the general assembly shall appropriate by separate line item an			
amount to comply with the requirements for state matching funds under			
the federal "National School Lunch Act", 42 U.S.C. sec. 1751 et seq. The			
department of education shall develop procedures to allocate and disburse			

matching funds. (1) For the 2001-02 budget year and budget years thereafter, the general assembly shall appropriate by separate line item an amount to comply with the requirements for state matching funds under the federal "National School Lunch Act", 42 U.S.C. sec. 1751 et seq. The department of education shall develop procedures to allocate and disburse the funds among participating school food authorities each year in an equitable manner SO as to comply with the requirements of said act. In any participating school food authority that, prior to the enactment of this section, subsidized school lunch service with moneys from the school food authority's general fund, moneys received by such school food authority pursuant to this section shall be applied in addition to, and not in lieu of, the amount of the school food authority's subsidy. Any moneys received pursuant to this section shall be used only for the provision of the school food authority's school lunch program.

SECTION 8. Repeal. 22-54-128, Colorado Revised Statutes, is repealed as follows:

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1	22-54-128. Military dependent supplemental pupil enrollment
2	aid - definitions - repeal. (1) As used in this section, unless the context
3	otherwise requires:
4	(a) "Eligible pupil" means a pupil who is the dependent of a
5	full-time active duty member of the United States military or the
6	dependent of a member of the United States military reserve forces who
7	has been called to active duty.
8	(b) "Military dependent supplemental pupil enrollment" means the
9	number of eligible pupils enrolled in a school district on February 1
10	within the applicable budget year or the school day nearest said date who
11	were not enrolled in the district or in any other school district in the state
12	on October 1 of the budget year or the school day nearest said date. An
13	eligible pupil shall be considered enrolled in a district as evidenced by the
14	actual attendance of such eligible pupil prior to February 1 of the
15	applicable budget year.
16	(2) For the 2007-08 through 2010-11 budget years, any school
17	district may apply for military dependent supplemental pupil enrollment
18	aid pursuant to this section. A district shall be eligible for such aid only
19	if:
20	(a) The district submits an estimate of its military dependent
21	supplemental pupil enrollment for the applicable budget year to the
22	department of education pursuant to subsection (4) of this section;
23	(b) The district submits its military dependent supplemental pupil
24	enrollment for the applicable budget year to the department of education
25	pursuant to subsection (5) of this section; and
26	(c) The district's military dependent supplemental pupil
27	enrollment represents either an increase equal to or greater than one

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percent over the district's pupil enrollment for the applicable budget year or an increase equal to or greater than twenty-five pupils over the district's per pupil enrollment for the applicable budget year.

- (3) Each district that meets the requirements of this section shall be eligible to receive military dependent supplemental pupil enrollment aid as calculated by computing a number equal to the district's military dependent pupil enrollment, multiplied by an amount equal to one-half of the district's per pupil revenues for the applicable budget year.
- (4) On or before January 15, 2008, and on or before January 15 each year thereafter through January 15, 2011, any school district may apply for military dependent supplemental pupil enrollment aid pursuant to this section by submitting to the department of education an estimate of the district's military dependent supplemental pupil enrollment for the applicable budget year.
- (5) To receive military dependent supplemental pupil enrollment aid pursuant to this section, a district that submitted an estimate to the department of education pursuant to subsection (4) of this section shall submit to the department the district's military dependent pupil supplemental enrollment within fifteen days of February 1 of the applicable budget year or within fifteen days of the school day nearest said date.
- (6) Notwithstanding the provisions of section 24-37-304 (1) (b.5), C.R.S., on or before March 1, 2008, and on or before March 1 each year thereafter through March 1, 2011, the department of education shall submit a request to the general assembly for a supplemental appropriation in an amount that will fully fund the aggregate amount of the military dependent supplemental pupil enrollment aid allowed for the budget year

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pursuant to subsection (3) of this section. The department shall calculate the amount of the request by applying the total military dependent supplemental pupil enrollment submitted to the department by all eligible districts pursuant to subsection (5) of this section to the formula specified in subsection (3) of this section. The department shall make the request to the general assembly during the fiscal year in which the school districts apply for the military dependent supplemental pupil enrollment aid.

(7) In each applicable fiscal year, the general assembly shall appropriate, subject to available appropriations, the amount authorized for military dependent supplemental pupil enrollment aid pursuant to subsection (3) of this section to the department of education to be distributed by the department to eligible districts. In the event that the amount appropriated by the general assembly is less than the amount of aid authorized for each eligible district pursuant to subsection (3) of this section, the department shall distribute an amount to each eligible district that is in the same proportion that the eligible district's military dependent supplemental pupil enrollment bears to the total military dependent supplemental pupil enrollment in all eligible districts.

(8) This section is repealed, effective July 1, 2011.

SECTION 9. Repeal. 22-54-133, Colorado Revised Statutes, is repealed as follows:

22-54-133. Charter school for the deaf and the blind - supplementary funding - definitions. (1) As used in this section, unless the context otherwise requires, "charter school for the deaf or the blind" means a charter school, as defined in section 22-54-124 (1) (b), in which no less than ninety percent of the funded pupils have an individualized education program pursuant to section 22-20-108 and are eligible to

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1	attend the Colorado school for the deaf and the blind pursuant to section
2	22-80-109.
3	(2) For the 2008-09 budget year, of the moneys appropriated for
4	the purposes of section 22-54-124 (3), one hundred thirty-five thousand
5	dollars of such amount shall be used for the purposes of this section. This
6	section shall not affect the ability of a charter school for the deaf or the
7	blind to apply for and to be eligible to receive additional moneys pursuant
8	to section 22-54-124 (3).
9	(3) The department of education shall distribute moneys under this
10	section to the authorizer of a charter school for the deaf or the blind, and
11	the authorizer shall distribute all moneys received under this section to the
12	charter schools for the deaf or the blind and may not retain any of such
13	moneys to defray administrative expenses or for any other purpose. A
14	charter school for the deaf or the blind shall use moneys it receives
15	pursuant to this section solely for operating costs that are not defrayed by
16	other funding sources. Moneys received pursuant to this section and
17	section 22-54-124 shall not be considered in the calculation of excess
18	costs pursuant to section 22-20-109.
19	(4) No later than February 1, 2009, the department of education
20	shall report to the education committees of the senate and the house of
21	representatives, or any successor committees, and the joint budget
22	committee of the expected change, if any, in need for funding under this
23	section.
24	SECTION 10. 22-55-105 (2), Colorado Revised Statutes, is
25	amended to read:
26	22-55-105. General fund appropriations requirements -
27	maintenance of effort base. (2) For purposes of this section,

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1	"maintenance of effort base" means the aggregate amount of general fund
2	appropriations for total program pursuant to the "Public School Finance
3	Act of 1994", article 54 of this title, for the immediately preceding state
4	fiscal year, including ANY INCREASES OR DECREASES MADE TO SAID
5	APPROPRIATIONS THROUGH THE ENACTMENT OF A SUPPLEMENTAL
6	APPROPRIATION BILL OR BILLS FOR THAT STATE FISCAL YEAR.
7	(a) Any increases or decreases made to said appropriations
8	through the enactment of a supplemental appropriation bill or bills for
9	that state fiscal year; and
10	(b) Any general fund appropriation for the state's share of the
11	district's total program as determined pursuant to section 22-54-106 (8).
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13	SECTION 11. 22-54-124 (3) (a) (III) (A), Colorado Revised
14	Statutes, is amended to read:
15	22-54-124. State aid for charter schools - use of state education
16	fund moneys - definitions. (3) (a) (III) (A) The total amount of state
17	education fund moneys to be appropriated for all eligible districts and for
18	all eligible institute charter schools for the 2003-04, 2004-05, 2005-06,
19	and 2007-08 budget years and each budget year thereafter shall be an
20	amount equal to five million dollars. For the 2006-07 budget year, seven
21	million eight hundred thousand dollars shall be appropriated for all
22	eligible districts and for all eligible institute charter schools from the state
23	education fund. For the 2008-09 budget year, an additional one hundred
24	thirty-five thousand dollars shall be appropriated from the state education
25	fund and shall be distributed pursuant to section 22-54-133, AS SAID
26	SECTION EXISTED PRIOR TO ITS REPEAL IN 2010.
27	SECTION 12. Safety clause. The general assembly hereby finds,

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- determines, and declares that this act is necessary for the immediate
- 2 preservation of the public peace, health, and safety.

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