

Second Regular Session  
Sixty-seventh General Assembly  
STATE OF COLORADO

**ENGROSSED**

*This Version Includes All Amendments Adopted  
on Second Reading in the House of Introduction*

LLS NO. 10-1059.01 Nicole Myers

**SENATE BILL 10-205**

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**SENATE SPONSORSHIP**

**Bacon, Scheffel**

**HOUSE SPONSORSHIP**

**Scanlan and Murray,**

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**Senate Committees**  
Education

**House Committees**

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**A BILL FOR AN ACT**

101 **CONCERNING THE AUTHORITY OF A SCHOOL DISTRICT TO SUBMIT TO**  
102 **THE ELIGIBLE ELECTORS OF THE DISTRICT THE QUESTION OF**  
103 **CONTRACTING A BONDED INDEBTEDNESS FOR THE PURPOSE OF**  
104 **PAYING COSTS THAT MAY BE PAID FROM THE GENERAL FUND OF**  
105 **THE SCHOOL DISTRICT.**

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**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://www.leg.state.co.us/billsummaries>.)*

State law currently authorizes school districts to ask the eligible

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

SENATE  
Amended 2nd Reading  
May 6, 2010

electors in their districts for approval to issue bonded indebtedness and specifies the purposes for which a district may issue such bonded indebtedness.

The bill creates a new purpose for which a district may issue bonded indebtedness. Specifically, it allows a district to ask its eligible electors for permission to issue bonded indebtedness to pay the costs that may be paid from the district's general fund, but only if Amendment 61, concerning state and local debt limitations, is adopted by the voters at the November 2010 general election and the eligible electors of the district approve a question to create debt for such purpose at the November 2010 general election or a subsequent election.

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

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

4 (a) School districts in the state have ongoing fiscal obligations  
5 throughout the year but do not receive their property tax revenues, and  
6 therefore the majority of their local share of total program funding, until  
7 April;

8 (b) Due to the timing of property tax collections, a school district  
9 whose total program funding amount is comprised largely of local share  
10 may experience a temporary cash flow deficit until it receives its property  
11 tax revenues;

12 (c) The state has instituted an interest-free loan program for  
13 school districts to alleviate their temporary cash flow deficits until the  
14 districts collect their property tax revenues, at which point the districts  
15 repay the interest-free loans;

16 (d) Approximately thirty school districts in the state take  
17 advantage of the interest-free loan program each year, and the state loans  
18 approximately four hundred seventy-one million dollars to districts  
19 through the interest-free loan program annually;

1 (e) To provide interest-free loans to school districts, the state  
2 treasurer issues tax and revenue anticipation notes, a form of short-term  
3 borrowing through which the state sells notes and repays them within the  
4 same fiscal year;

5 (f) Amendment 61, concerning state and local debt limitations,  
6 which will be presented to voters statewide on the November 2010 ballot,  
7 would prohibit the state from issuing any kind of debt and therefore  
8 would render unconstitutional the mechanism that the state uses to help  
9 school districts alleviate temporary cash flow deficits; and

10 (g) If Amendment 61 is approved by the voters in November  
11 2010, it will prevent school districts that currently participate in the  
12 interest-free loan program from managing their cash flow and will likely  
13 result in drastic changes to the school year for those school districts.

14 (2) The general assembly further finds and declares that the  
15 purpose of this act is to provide affected school districts with a  
16 revenue-neutral option to address their temporary cash flow deficits if  
17 Amendment 61 is approved by the voters at the November 2010 general  
18 election and becomes law by allowing such districts to ask their voters for  
19 permission to issue bonded debt for the purpose of paying costs that may  
20 be paid from the general fund of the school district.

21 **SECTION 2.** 22-42-102 (2) (a) (VII) and (2) (a) (VIII), Colorado  
22 Revised Statutes, are amended, and the said 22-42-102 (2) (a) is further  
23 amended BY THE ADDITION OF A NEW SUBPARAGRAPH, to read:

24 **22-42-102. Bonded indebtedness - elections.** (2) (a) The board  
25 of education of any school district, at any regular biennial school election  
26 or at a special election called for the purpose, shall submit to the eligible  
27 electors of the district the question of contracting a bonded indebtedness

1 for one or more of the following purposes:

2 (VII) For acquiring, constructing, or improving any capital asset  
3 that the district is authorized by law to own; ~~or~~

4 (VIII) For supporting charter school capital construction as  
5 defined in section 22-30.5-403 (4) or the land and facilities needs of a  
6 charter school as defined in section 22-30.5-403 (3), without title or  
7 ownership of charter school capital assets being held by the school district  
8 or ownership or use restrictions placed on the charter school by the school  
9 district; OR

10 (IX) (A) SUBJECT TO THE PROVISIONS OF SUB-SUBPARAGRAPH (B)  
11 OF THIS SUBPARAGRAPH (IX), FOR PAYING THE COSTS THAT MAY BE PAID  
12 FROM THE GENERAL FUND OF THE SCHOOL DISTRICT; EXCEPT THAT  
13 BONDED INDEBTEDNESS MAY BE ISSUED FOR SUCH PURPOSE ONLY IF  
14 AMENDMENT 61 IS APPROVED BY THE VOTERS AT THE GENERAL ELECTION  
15 HELD ON NOVEMBER 2, 2010,      AND THE ELIGIBLE ELECTORS OF THE  
16 SCHOOL DISTRICT APPROVE A QUESTION TO CREATE DEBT FOR SUCH  
17 PURPOSE AT AN ELECTION HELD ON OR AFTER NOVEMBER 2, 2010.

18 (B) THE BOARD OF EDUCATION OF A DISTRICT THAT ISSUES  
19 BONDED INDEBTEDNESS PURSUANT TO SUB-SUBPARAGRAPH (A) OF THIS  
20 SUBPARAGRAPH (IX) SHALL DEPOSIT ANY MONEYS FROM SUCH BONDED  
21 INDEBTEDNESS INTO A CASH FLOW DEFICIT RESTRICTED RESERVE IN THE  
22 GENERAL FUND OF THE DISTRICT. THE BOARD OF EDUCATION OF SUCH A  
23 DISTRICT MAY EXPEND THE MONEYS DEPOSITED IN THE RESERVE ONLY FOR  
24 THE PURPOSE OF ALLEVIATING THE DISTRICT'S ANNUAL TEMPORARY CASH  
25 FLOW DEFICIT AND SHALL REPAY, FROM THE PROPERTY TAX REVENUES OF  
26 THE DISTRICT, THE TOTAL AMOUNT EXPENDED FROM THE RESERVE IN ANY  
27 FISCAL YEAR ON OR BEFORE JUNE 30 OF THE APPLICABLE FISCAL YEAR;

1 EXCEPT THAT SUCH BOARD OF EDUCATION MAY REQUEST THAT THE  
2 DEPARTMENT OF EDUCATION WAIVE THE REQUIREMENT TO REPAY THE  
3 RESERVE BY JUNE 30 OF THE APPLICABLE FISCAL YEAR. IF THE  
4 DEPARTMENT GRANTS SUCH A WAIVER, THE BOARD OF EDUCATION OF THE  
5 DISTRICT SHALL REPAY THE TOTAL AMOUNT EXPENDED FROM THE  
6 RESERVE ON OR BEFORE JUNE 30 OF THE FISCAL YEAR FOLLOWING THE  
7 FISCAL YEAR IN WHICH THE BOARD EXPENDED MONEYS FROM THE  
8 RESERVE. NOTWITHSTANDING THE PROVISIONS OF THIS  
9 SUB-SUBPARAGRAPH (B), IF A DISTRICT THAT HAS ISSUED BONDED  
10 INDEBTEDNESS PURSUANT TO SUB-SUBPARAGRAPH (A) OF THIS  
11 SUBPARAGRAPH (IX) NO LONGER EXPERIENCES AN ANNUAL TEMPORARY  
12 CASH FLOW DEFICIT, THE DISTRICT SHALL USE THE MONEYS IN THE  
13 RESERVE TO REPAY OUTSTANDING BONDED INDEBTEDNESS ISSUED  
14 PURSUANT TO THIS SECTION.

15 **SECTION 3.** 22-41-110 (1) (b) (I), Colorado Revised Statutes,  
16 is amended to read:

17 **22-41-110. Timely payment of school district obligations.**

18 (1) (b) This section applies to:

19 (I) General obligation bonds issued by a school district on or after  
20 July 1, 1991, pursuant to article 42 or 43 of this title; EXCEPT THAT THIS  
21 SECTION SHALL NOT APPLY TO BONDS ISSUED BY A SCHOOL DISTRICT  
22 PURSUANT TO SECTION 22-42-102 (2) (a) (IX);

23 **SECTION 4. Safety clause.** The general assembly hereby finds,  
24 determines, and declares that this act is necessary for the immediate  
25 preservation of the public peace, health, and safety.