

Colorado Legislative Council Staff Fiscal Note
STATE and LOCAL
CONDITIONAL FISCAL IMPACT

Drafting Number: LLS 11-1015
Prime Sponsor(s): Sen. King K.
 Rep. Massey

Date: April 27, 2011
Bill Status: Senate Education
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TITLE: CONCERNING THE PROVISION OF STATE MATCHING FUNDS FOR PROPERTY TAX REVENUES THAT A SCHOOL DISTRICT RAISES THROUGH A SPECIFIC MILL LEVY OVERRIDE ELECTION FOR THE DISTRICT'S GENERAL FUND.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
State Revenue		
State Expenditures		
General Fund	\$39,000	\$3,000
State Education Fund		up to \$26.6 million*
FTE Position Change		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2011-2012: see State Appropriations Section.		
Local Government Impact: Potential increase in school district revenue.		

* This assumes that the 10 largest school districts receive voter approval for the new mill levy, as illustrated in Table 1. This cost could be larger or smaller depending on the number of districts receiving voter approval.

Summary of Legislation

This bill authorizes school districts to seek voter approval to impose a new property tax, called the Colorado's Vision of Tomorrow's Education (C-VOTE) mill levy override. School districts that receive voter approval are eligible to receive partial state matching funds, provided the district imposes a C-VOTE mill levy equal to \$300 per pupil. For all school districts, the maximum C-VOTE mill levy that can be imposed is 8 mills, even if this generates less than \$300 per pupil in new property tax revenue.

The bill uses the framework of the school finance funding formula to determine the state matching amount for districts receiving voter approval for the C-VOTE mill levy. In particular, the state match is calculated as the difference between 4.52 percent of a district's total program funding calculated with the statewide base per pupil amount increased by \$300, minus the amount of property tax generated from the C-VOTE mill levy. Districts that impose this new mill levy must allocate a portion of the property tax revenue to charter schools similar to existing requirements for school finance. The bill specifies that the State Education Fund can only be used to pay for the state match if the balance in the fund at the beginning of the applicable budget year is a least \$50 million.

State Expenditures

School Finance. Starting in FY 2012-13, the state may incur additional expenditures to provide matching funds for school districts that receive voter approval for the C-VOTE mill levy. It is unknown how many districts will seek and receive voter approval for such a measure. To illustrate the potential range of costs, Table 1 shows the estimated state matching funds in FY 2012-13, if either the 10 smallest or the 10 largest school districts imposed this mill levy. State matching funds range from \$291,000 for the 10 smallest districts to \$26.6 million for the 10 largest school districts. If all 178 districts imposed this new mill levy, the state match would be nearly \$51 million per year.

Table 1
Potential Impact of SB11-259, FY 2012-13

Number of School Districts Receiving Voter Approval for C-VOTE Mill Levy*	Total Available C-VOTE Amount	Local Property Tax	State Match
10 Smallest School Districts	\$497,000	\$201,000	\$291,000
10 Largest School Districts	\$164,600,000	\$138,000,000	\$26,600,000
178 School Districts	\$292,600,000	\$241,700,000	\$50,900,000

For a given number of districts receiving voter approval, the amount of required state matching funds will increase over time because of growth in the school finance funding formula. In addition, state matching funds will increase as more districts receive voter approval.

Department of Education. The department will incur one-time computer programming expenditures of **\$39,000 in FY 2011-12**. The bill authorizes school districts to seek voter approval starting in FY 2011-12, with the program commencing in the following fiscal year. An estimated 520 hours of programming time will be needed at a rate of \$75 per hour to modify, test, and implement the necessary computer changes to track participating districts. These changes will need to be made in FY 2011-12 to accommodate any districts seeking voter approval this fall.

Department of Local Affairs, Division of Property Taxation. The division will incur additional one-time costs of **\$3,000 in FY 2012-13** to modify the department's mill levy database for purposes of preparing its statutorily required annual report. This cost is based on an estimated 40 hours of programming work at a rate of \$75 per hour. These costs will not be incurred until at least one school district receives voter approval for the new C-VOTE mill levy.

Local Government Impact

Counties may incur additional computer programming costs to the degree that a school district in the county receives voter approval for the new mill levy. This indeterminate cost depends on whether or not the C-VOTE mill levy would need to be separately identified by assessors on tax bills. Counties may also incur additional election expenses to the degree school districts submit C-VOTE ballot measures to the voters.

School District Impact

School districts that receive voter approval for this new mill levy will get additional funds from local property taxes and the state to be used for any general district purpose. It is unknown how many districts will ask for and receive voter approval for such a mill levy. It is initially anticipated to be a relatively small number of school districts. If the 10 smallest districts approved this mill levy in FY 2012-13, they would receive an additional \$497,000 from state and local sources. For these districts, the state match would be \$1.41 for every \$1.00 generated locally. In contrast, if the 10 largest districts approved this mill levy, they would receive an additional \$164.6 million in FY 2012-13. For these districts, the state match would be \$0.19 for every \$1.00 generated locally.

School districts that submit C-VOTE ballot measures to the voters will also incur additional election expenses. The magnitude of these costs will depend on the number of school districts submitting ballot questions.

State Appropriations

In FY 2011-12, the Department of Education requires a \$39,000 General Fund appropriation.

Departments Contacted

Education Property Tax Administrator