

First Regular Session  
Sixty-eighth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 11-0290.01 Nicole Myers

SENATE BILL 11-132

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SENATE SPONSORSHIP

King K., Johnston

HOUSE SPONSORSHIP

Casso,

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Senate Committees  
State, Veterans & Military Affairs

House Committees

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A BILL FOR AN ACT

101 CONCERNING THE FINANCING OF CAPITAL CONSTRUCTION FOR  
102 CHARTER SCHOOLS.

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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.>)*

Current law contains a program that allows qualified charter schools to finance capital construction with revenues from bonds issued on their behalf (bonds) by the Colorado educational and cultural facilities authority (CECFA) and to obtain such financing on favorable terms by providing a source of state moneys that can be used to make bond

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.

payments if the qualified charter school fails to make such payments. This program is commonly referred to as the charter school capital construction moral obligation program (moral obligation program). The bill makes the following changes to the program:

- ! The bill allows any qualified issuer, not just CECFA, to issue bonds on behalf of a qualified charter school.
- ! For qualified charter schools that have bonds issued on their behalf on or after July 1, 2011, the annual payment to the state treasurer is increased for the first 15 years from 10 basis points to an amount equal to 15 basis points of the principal amount of the bonds outstanding. In year 16 and in each year thereafter that the bonds remain outstanding, the payment is reduced to 10 basis points.
- ! Currently, if the state treasurer expends certain moneys from the state charter school debt reserve fund (state fund) to make bond payments if a qualified charter school fails to make such payments, the state treasurer is authorized to withhold charter school per pupil facilities aid moneys that are appropriated annually through the "Public School Finance Act of 1992" to the extent necessary to restore the state fund to a one million dollar balance. The bill also authorizes the state treasurer to withhold such moneys to the extent necessary to restore the balance of the state charter school interest savings account (account) to the account balance prior to the state treasurer's expenditure of moneys from the account.
- ! A qualified issuer that intends to issue bonds on behalf of a qualified charter school through the moral obligation program must publically disclose the application requirements, the application and processing timeline, and all issuer fees and expenses that will apply to the transaction. In addition, a qualified issuer may not charge a trailer fee to a qualified charter school once the bonds have been issued.
- ! In the event that a qualified charter school is unable to restore its charter school debt service reserve fund (charter school fund) from which the qualified charter school makes its bond payments, the general assembly may appropriate moneys to restore the fund. The bill increases the aggregate outstanding principal amount of bonds for which moneys may be appropriated for such purpose from an amount not to exceed \$400 million to an amount not to exceed \$500 million.
- ! Upon the expenditure of moneys from the state fund or the account by the state treasurer, the state treasurer may file a

lien on behalf of the state on the property securing the bonds for which the charter school fund has been established. In the event that the state sells the property, the state treasurer is required to deposit any net proceeds from the sale into the state fund and into the account, as specified, after the state treasurer's costs have been reimbursed.

- ! CECFA currently tracks the amount of principal allocated to all qualified charter schools from the total amount that the general assembly is authorized to appropriate to restore any charter school fund and verifies that there is enough principal left to back the bonds of a qualified charter school. This tracking and verification responsibility is transferred to the state treasurer.
- ! CECFA is currently required to submit an annual report to the state auditor that contains certain information regarding the issuance of bonds through the moral obligation program. The reporting requirement is transferred to the state treasurer, and the state treasurer may hire a contractor to compile the report. The state treasurer may charge an administrative fee for the costs of compiling the report to each qualified charter school that has had bonds issued on its behalf through the moral obligation program.
- ! In the event that a charter school that is a qualified charter school and that has had bonds issued on its behalf through the moral obligation program may have its charter revoked or not renewed, the commissioner of education may suspend the revocation or nonrenewal for up to 120 days. During the suspension, the state treasurer, the commissioner of education, and the qualified issuer may work with the chartering local board of education or the state charter school institute, as applicable, to determine whether an alternative to the revocation or nonrenewal of the charter exists.

The bill amends the "County and Municipality Development Revenue Bond Act" to allow bonding for facilities for public education from preschool through the 12th grade.

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

2           **SECTION 1.** 22-30.5-407 (1) (a), (2) (a), and (3), the  
3 introductory portion to 22-30.5-407 (4) (a), and 22-30.5-407 (4) (b), (4)  
4 (d), (7), and (8), Colorado Revised Statutes, are amended to read:

1           **22-30.5-407. State charter school debt reserve fund - creation**  
2   **- use of fund moneys - legislative declaration.** (1) The general  
3 assembly hereby finds and declares that:

4           (a) The state charter school debt reserve fund created by this  
5 section is intended to enhance the ability of any qualified charter school  
6 that chooses to finance capital construction with revenues from bonds  
7 issued on behalf of the qualified charter school by ~~the Colorado~~  
8 ~~educational and cultural facilities authority created in section 23-15-104~~  
9 ~~(1)(a), C.R.S.~~ A QUALIFIED ISSUER, AS DEFINED IN SECTION 22-30.5-408  
10 (1) (e.5), to obtain such financing on favorable terms by providing a  
11 source of moneys that can be used to make bond payments if the qualified  
12 charter school fails to make such payments;

13           (2) (a) There is hereby created in the state treasury the state  
14 charter school debt reserve fund. The fund shall consist of the following  
15 moneys:

16           (I) One million dollars that are hereby appropriated from the state  
17 education fund to the state charter school debt reserve fund on July 1,  
18 2002;

19           (II) Moneys credited to the state charter school interest savings  
20 account of the STATE CHARTER SCHOOL DEBT RESERVE fund pursuant to  
21 subsection (3) of this section; ~~and~~

22           (III) Moneys transferred from the state education fund to the state  
23 charter school debt reserve fund pursuant to paragraph (d) of subsection  
24 (4) of this section; AND

25           (IV) MONEYS CREDITED TO THE FUND BY THE STATE TREASURER  
26 PURSUANT TO SECTION 22-30.5-408 (2) (c) (II).

27           (3) (a) (I) A qualified charter school that chooses to finance

1 capital construction with revenues from bonds THAT ARE issued BEFORE  
2 JULY 1, 2011, on behalf of the qualified charter school by the Colorado  
3 educational and cultural facilities authority created in section 23-15-104  
4 (1) (a), C.R.S., shall pay to the state treasurer, ~~on an annual basis,~~  
5 commencing and calculated on the date of issuance of the bonds and on  
6 each one-year anniversary of the issuance of the bonds thereafter while  
7 the bonds remain outstanding, an amount equal to ten basis points of the  
8 principal amount of the bonds outstanding as of each calculation date. ~~and~~  
9 ~~such amount shall be deemed to be the amount of any interest rate savings~~  
10 ~~resulting from more favorable financing terms attributable to the reliance~~  
11 ~~upon the state charter school debt reserve fund and the provisions of~~  
12 ~~section 22-30.5-408 with respect to such bonds. Each annual payment of~~  
13 ~~ten basis points shall be prorated and payable in equal installments among~~  
14 ~~the debt service payments required of the qualified charter school, with~~  
15 ~~respect to the qualified charter school bonds issued for its benefit, during~~  
16 ~~the twelve months following the annual computation date. The state~~  
17 ~~treasurer shall credit any payment received pursuant to this paragraph (a)~~  
18 ~~to the state charter school interest savings account.~~

19 (II) A QUALIFIED CHARTER SCHOOL THAT CHOOSES TO FINANCE  
20 CAPITAL CONSTRUCTION WITH REVENUES FROM BONDS THAT ARE ISSUED  
21 ON OR AFTER JULY 1, 2011, ON BEHALF OF THE QUALIFIED CHARTER  
22 SCHOOL BY A QUALIFIED ISSUER SHALL PAY TO THE STATE TREASURER,  
23 COMMENCING AND CALCULATED ON THE DATE OF ISSUANCE OF THE BONDS  
24 AND ON EACH ONE-YEAR ANNIVERSARY OF THE ISSUANCE OF THE BONDS  
25 THEREAFTER THROUGH THE FIFTEEN-YEAR ANNIVERSARY OF THE  
26 ISSUANCE OF THE BONDS, AN AMOUNT EQUAL TO FIFTEEN BASIS POINTS OF  
27 THE PRINCIPAL AMOUNT OF THE BONDS OUTSTANDING AS OF EACH

1       CALCULATION DATE. ON THE SIXTEEN-YEAR ANNIVERSARY OF THE  
2       ISSUANCE OF THE BONDS AND ON EACH ONE-YEAR ANNIVERSARY OF THE  
3       ISSUANCE OF THE BONDS THEREAFTER WHILE THE BONDS REMAIN  
4       OUTSTANDING, THE QUALIFIED CHARTER SCHOOL SHALL PAY TO THE STATE  
5       TREASURER AN AMOUNT EQUAL TO TEN BASIS POINTS OF THE PRINCIPAL  
6       AMOUNT OF THE BONDS OUTSTANDING AS OF EACH CALCULATION DATE.

7               (a.5) THE AMOUNT THAT A QUALIFIED CHARTER SCHOOL IS  
8       REQUIRED TO PAY TO THE STATE TREASURER PURSUANT TO PARAGRAPH (a)  
9       OF THIS SUBSECTION (3) SHALL BE DEEMED TO BE THE AMOUNT OF ANY  
10       INTEREST RATE SAVINGS RESULTING FROM MORE FAVORABLE FINANCING  
11       TERMS ATTRIBUTABLE TO THE RELIANCE UPON THE STATE CHARTER  
12       SCHOOL DEBT RESERVE FUND AND THE PROVISIONS OF SECTION  
13       22-30.5-408 WITH RESPECT TO SUCH BONDS. EACH ANNUAL PAYMENT OF  
14       TEN OR FIFTEEN BASIS POINTS, AS APPLICABLE, SHALL BE PRORATED AND  
15       PAYABLE IN EQUAL INSTALLMENTS AMONG THE DEBT SERVICE PAYMENTS  
16       REQUIRED OF THE QUALIFIED CHARTER SCHOOL WITH RESPECT TO THE  
17       QUALIFIED CHARTER SCHOOL BONDS ISSUED FOR ITS BENEFIT DURING THE  
18       TWELVE MONTHS FOLLOWING THE ANNUAL CALCULATION DATE. THE  
19       STATE TREASURER SHALL CREDIT ANY PAYMENT RECEIVED PURSUANT TO  
20       PARAGRAPH (a) OF THIS SUBSECTION (3) TO THE STATE CHARTER SCHOOL  
21       INTEREST SAVINGS ACCOUNT OF THE STATE CHARTER SCHOOL DEBT  
22       RESERVE FUND.

23               (b) The state treasurer may require each qualified charter school  
24       that makes required payments to the state treasurer pursuant to paragraph  
25       (a) of this subsection (3) to pay a fee to the state treasurer to defray any  
26       direct and indirect administrative costs incurred by the state treasurer in  
27       executing duties required by this section. The state treasurer shall deposit

1 any fees received into the state charter school interest savings account of  
2 the state charter school debt reserve fund.

3 (4) (a) Moneys in the state charter school debt reserve fund are  
4 hereby continuously appropriated to the state treasurer, who shall expend  
5 such moneys solely for the purpose of paying principal and interest on  
6 bonds issued on behalf of a qualified charter school by ~~the Colorado~~  
7 ~~educational and cultural facilities authority~~ A QUALIFIED ISSUER and only  
8 if:

9 (b) Whenever the trustee responsible for making payments to the  
10 holders of any qualified charter school bonds, as defined in section  
11 22-30.5-408 (1) (d), issued on behalf of a qualified charter school by ~~the~~  
12 ~~Colorado educational and cultural facilities authority~~ A QUALIFIED ISSUER  
13 has not received payment of principal or interest on the bonds on the tenth  
14 business day immediately prior to the date on which such payment is due  
15 and the debt service reserve fund for the qualified charter school has been  
16 depleted, the trustee shall so notify the state treasurer and the qualified  
17 charter school by telephone, facsimile, or other similar communication,  
18 followed by written verification, of such payment status. The state  
19 treasurer shall immediately contact the qualified charter school and  
20 determine whether the qualified charter school will make the payment by  
21 the date on which it is due and, if the state treasurer confirms that the  
22 qualified charter school will not make the payment, the state treasurer  
23 shall make the payment.

24 (d) If the state treasurer expends moneys from the portion of the  
25 state charter school debt reserve fund that is not the state charter school  
26 interest savings account OR IF THE TREASURER EXPENDS MONEYS FROM  
27 THE STATE CHARTER SCHOOL INTEREST SAVINGS ACCOUNT FOR PURPOSES

1 OTHER THAN THE PAYMENT OF THE ADMINISTRATIVE COSTS OF THE STATE  
2 TREASURER, the state treasurer shall withhold charter school per pupil  
3 facilities aid program moneys to the extent necessary to restore that  
4 portion of the state charter school debt reserve fund, by the transfer of all  
5 withheld amounts from the state education fund to that portion of the state  
6 charter school debt reserve fund, to a one million dollar balance AND TO  
7 THE EXTENT NECESSARY TO RESTORE THE STATE CHARTER SCHOOL  
8 INTEREST SAVINGS ACCOUNT, BY THE TRANSFER OF ALL WITHHELD  
9 AMOUNTS FROM THE STATE EDUCATION FUND TO THE STATE CHARTER  
10 SCHOOL INTEREST SAVINGS ACCOUNT, TO THE BALANCE PRIOR TO  
11 EXPENDITURE OF MONEYS FROM THE ACCOUNT, in accordance with the  
12 following requirements:

13 (I) Each qualified charter school that has had bonds issued on its  
14 behalf by ~~the Colorado educational and cultural facilities authority~~ A  
15 QUALIFIED ISSUER that have relied upon the state charter school debt  
16 reserve fund and the provisions of section 22-30.5-408 shall have its  
17 payments reduced by the same percentage and by a maximum of fifty  
18 percent.

19 (II) If, in any given fiscal year, the state treasurer determines that  
20 after withholding the maximum amount of charter school per pupil  
21 facilities aid program moneys that may be withheld pursuant to  
22 subparagraph (I) of this paragraph (d) the portion of the state charter  
23 school debt reserve fund that is not the state charter school interest  
24 savings account will not be restored to a one million dollar balance OR  
25 THE STATE CHARTER SCHOOL INTEREST SAVINGS ACCOUNT WILL NOT BE  
26 RESTORED TO THE BALANCE IN THE ACCOUNT PRIOR TO THE STATE  
27 TREASURER'S EXPENDITURE OF MONEYS FROM THE ACCOUNT, each charter



1 school that is not relying upon the state charter school debt reserve fund  
2 and the provisions of section 22-30.5-408 with respect to bonds issued on  
3 its behalf by ~~the Colorado educational and cultural facilities authority~~ A  
4 QUALIFIED ISSUER shall have its payment reduced by the same percentage  
5 and by a maximum of ten percent.

6 (7) A qualified charter school that chooses to finance capital  
7 construction with revenues from bonds issued on behalf of the qualified  
8 charter school by ~~the Colorado educational and cultural facilities authority~~  
9 ~~created in section 23-15-104 (1) (a), C.R.S.~~; A QUALIFIED ISSUER shall  
10 request that the state treasurer make direct payments of principal and  
11 interest on the bonds on behalf of the qualified charter school in  
12 accordance with section 22-30.5-406 (1). If the state treasurer does not  
13 agree to make direct payments and the qualified charter school is a district  
14 charter school, the qualified charter school shall request that its chartering  
15 district make direct payments in accordance with section 22-30.5-406 (2).  
16 If the state treasurer does not agree to make direct payments and the  
17 qualified charter school is an institute charter school, the qualified charter  
18 school shall request that the state charter school institute make direct  
19 payments of principal and interest on the bonds on behalf of the institute  
20 charter school.

21 (8) This section shall only apply to bonds issued by ~~the Colorado~~  
22 ~~educational and cultural facilities authority~~ A QUALIFIED ISSUER in  
23 reliance upon the provisions of section 22-30.5-408 (2).

24 **SECTION 2.** 22-30.5-408 (1) (d), Colorado Revised Statutes, is  
25 amended, and the said 22-30.5-408 (1) is further amended BY THE  
26 ADDITION OF THE FOLLOWING NEW PARAGRAPHS, to read:

27 **22-30.5-408. Replenishment of qualified charter school debt**

1 **service reserve funds - additional responsibilities - qualified issuers**  
2 **- state treasurer - qualified charter schools - definitions.** (1) As used  
3 in this section:

4 (b.5) "MAXIMUM PRINCIPAL OUTSTANDING" MEANS THE  
5 AGGREGATE OUTSTANDING PRINCIPAL AMOUNT OF BONDS FOR WHICH  
6 MONEYS MAY BE APPROPRIATED PURSUANT TO PARAGRAPH (a) OF  
7 SUBSECTION (2) OF THIS SECTION.

8 (d) "Qualified charter school bonds" means bonds that are issued  
9 by ~~the Colorado educational and cultural facilities authority~~ A QUALIFIED  
10 ISSUER for the purpose of financing a facility to be used for occupancy by  
11 pupils enrolled in a qualified charter school and are secured by the state  
12 charter school debt reserve fund created by section 22-30.5-407 (2) and  
13 the provisions of this section.

14 (e.5) "QUALIFIED ISSUER" MEANS ANY STATE AGENCY, STATE  
15 AUTHORITY, OR OTHER POLITICAL SUBDIVISION OF THE STATE.

16 **SECTION 3.** 22-30.5-408 (2) (a), Colorado Revised Statutes, is  
17 amended, and the said 22-30.5-408 (2) is further amended BY THE  
18 ADDITION OF A NEW PARAGRAPH, to read:

19 **22-30.5-408. Replenishment of qualified charter school debt**  
20 **service reserve funds - additional responsibilities - qualified issuers**  
21 **- state treasurer - qualified charter schools - definitions.** (2) (a) If ~~the~~  
22 ~~Colorado educational and cultural facilities authority~~ A QUALIFIED ISSUER  
23 has issued qualified charter school bonds on behalf of any qualified  
24 charter school that fails immediately to restore its qualified charter school  
25 debt service reserve fund to the applicable qualified charter school debt  
26 service reserve fund requirement, the ~~board of directors of the authority~~  
27 QUALIFIED ISSUER shall submit to the governor a certificate certifying any

1 amount of moneys required to restore the qualified charter school debt  
2 service reserve fund to the applicable qualified charter school debt service  
3 reserve fund requirement. The governor shall submit a request for  
4 appropriations in an amount sufficient to restore any or all qualified  
5 charter school debt reserve funds to their respective qualified charter  
6 school debt service reserve fund requirements and the general assembly  
7 may, but shall not be required to, appropriate moneys for said purpose.  
8 If, in its sole discretion, the general assembly appropriates any moneys for  
9 said purpose, the aggregate outstanding principal amount of bonds for  
10 which moneys may be appropriated for said purpose shall not exceed ~~four~~  
11 FIVE hundred million dollars.

12 (c) (I) UPON THE EXPENDITURE OF MONEYS FROM THE STATE  
13 CHARTER SCHOOL DEBT RESERVE FUND OR THE STATE CHARTER SCHOOL  
14 INTEREST SAVINGS ACCOUNT OF THE FUND BY THE STATE TREASURER, THE  
15 STATE TREASURER MAY FILE A LIEN ON BEHALF OF THE STATE ON THE  
16 PROPERTY SECURING THE BONDS FOR WHICH THE QUALIFIED CHARTER  
17 SCHOOL DEBT RESERVE FUND IS ESTABLISHED IN AN AMOUNT EQUAL TO  
18 THE AMOUNT OF MONEYS EXPENDED FROM THE STATE CHARTER SCHOOL  
19 DEBT RESERVE FUND OR THE STATE CHARTER SCHOOL INTEREST SAVINGS  
20 ACCOUNT.

21 (II) ANY NET PROCEEDS FROM THE SALE OF PROPERTY SECURING  
22 THE BONDS FOR WHICH THE QUALIFIED CHARTER SCHOOL DEBT RESERVE  
23 FUND IS ESTABLISHED SHALL BE USED TO REIMBURSE THE STATE  
24 TREASURER FOR ANY COSTS INCURRED IN CONNECTION WITH THE SALE OF  
25 SUCH PROPERTY. THE STATE TREASURER SHALL CREDIT ANY ADDITIONAL  
26 NET PROCEEDS FROM THE SALE OF SUCH PROPERTY TO THE STATE CHARTER  
27 SCHOOL DEBT RESERVE FUND ESTABLISHED IN SECTION 22-30.5-407 (2) (a)

1 TO RESTORE THE FUND TO A BALANCE OF ONE MILLION DOLLARS. THE  
2 STATE TREASURER SHALL CREDIT ANY REMAINING NET PROCEEDS FROM  
3 THE SALE OF SUCH PROPERTY TO THE STATE CHARTER SCHOOL INTEREST  
4 SAVINGS ACCOUNT IN THE STATE CHARTER SCHOOL DEBT RESERVE FUND.

5 **SECTION 4.** 22-30.5-408 (4), Colorado Revised Statutes, is  
6 amended, and the said 22-30.5-408 is further amended BY THE  
7 ADDITION OF THE FOLLOWING NEW SUBSECTIONS, to read:

8 **22-30.5-408. Replenishment of qualified charter school debt**  
9 **service reserve funds - additional responsibilities - qualified issuers**  
10 **- state treasurer - qualified charter schools - definitions.**

11 (1.5) (a) ANY QUALIFIED ISSUER THAT INTENDS TO ISSUE BONDS ON  
12 BEHALF OF A QUALIFIED CHARTER SCHOOL PURSUANT TO SECTION  
13 22-30.5-407 SHALL DEVELOP AND PUBLICALLY DISCLOSE THE APPLICATION  
14 REQUIREMENTS FOR THE QUALIFIED CHARTER SCHOOL, THE APPLICATION  
15 AND PROCESSING TIMELINE, AND ALL ISSUER FEES AND EXPENSES THAT  
16 WILL APPLY TO THE TRANSACTION.

17 (b) A QUALIFIED ISSUER SHALL NOT CHARGE A QUALIFIED CHARTER  
18 SCHOOL FOR WHICH IT ISSUES BONDS PURSUANT TO SECTION 22-30.5-407  
19 AN ANNUAL FEE AFTER THE ISSUANCE OF THE BONDS OCCURS; EXCEPT  
20 THAT THIS PARAGRAPH (b) SHALL NOT BE CONSTRUED TO PROHIBIT A  
21 QUALIFIED ISSUER FROM CHARGING A QUALIFIED CHARTER SCHOOL FOR  
22 FEES AND EXPENSES INCURRED IN THE ENFORCEMENT OF COVENANTS OR  
23 REMEDIES.

24 (2.5) IF THE AMOUNT OF THE REQUESTS BY QUALIFIED CHARTER  
25 SCHOOLS FOR ISSUANCE OF QUALIFIED CHARTER SCHOOL BONDS EXCEED  
26 THE MAXIMUM PRINCIPAL OUTSTANDING, THE STATE TREASURER SHALL  
27 ALLOCATE THE UNUSED AMOUNT OF THE MAXIMUM PRINCIPAL

1 OUTSTANDING TO QUALIFIED CHARTER SCHOOLS IN THE ORDER IN WHICH  
2 THE QUALIFIED CHARTER SCHOOLS REQUESTED ISSUANCE OF QUALIFIED  
3 CHARTER SCHOOL BONDS. IF ANY QUALIFIED ISSUER DOES NOT ISSUE ITS  
4 BONDS FOR WHICH AN ALLOCATION IS MADE BY THE STATE TREASURER  
5 DUE TO SCARCITY OF MAXIMUM PRINCIPAL OUTSTANDING WITHIN ONE  
6 HUNDRED FIFTY DAYS OF THE STATE TREASURER'S ALLOCATION, THE  
7 ALLOCATION EXPIRES.

8 (2.7) A QUALIFIED CHARTER SCHOOL THAT HAS FINANCED CAPITAL  
9 CONSTRUCTION WITH QUALIFIED CHARTER SCHOOL BONDS SHALL CONFIRM  
10 A STAND-ALONE CREDIT ASSESSMENT OR RATING OF AT LEAST  
11 INVESTMENT GRADE BY A NATIONALLY RECOGNIZED RATING AGENCY ON  
12 ITS OUTSTANDING QUALIFIED CHARTER SCHOOL BONDS AT THE TIME OF  
13 THE ISSUANCE OF ANY NEW CHARTER SCHOOL BONDS.

14 (4) The general assembly hereby finds and declares that its intent  
15 in enacting this section is to support charter schools and charter school  
16 capital construction by helping qualified charter schools that choose to  
17 have ~~the Colorado educational and cultural facilities authority~~ A  
18 QUALIFIED ISSUER issue qualified charter school bonds on their behalf  
19 obtain more favorable financing terms for the bonds.

20 **SECTION 5.** The introductory portion to 22-30.5-409 (1) and  
21 22-30.5-409 (2), Colorado Revised Statutes, are amended, and the said  
22 22-30.5-409 is further amended BY THE ADDITION OF A NEW  
23 SUBSECTION, to read:

24 **22-30.5-409. Annual reports on bonds issued on behalf of**  
25 **charter schools - review by state auditor.** (1) ~~Prior to January 30,~~  
26 ~~2003, and prior to January 30 of each year thereafter, the Colorado~~  
27 ~~educational and cultural facilities authority created in section 23-15-104~~

1     ~~(1)(a), C.R.S.~~, PRIOR TO JANUARY 30, 2012, AND PRIOR TO JANUARY 30  
2     OF EACH YEAR THEREAFTER, THE STATE TREASURER shall submit a report  
3     to the state auditor that includes information concerning the issuance of  
4     qualified charter school bonds, as defined in section 22-30.5-408 (1) (d),  
5     that have resulted in charter schools obtaining more favorable financing  
6     terms by reliance on the existence of the state charter school debt reserve  
7     fund created in section 22-30.5-407 (2) (a) and the potential  
8     replenishment of the state charter school debt reserve fund pursuant to  
9     section 22-30.5-408 (2) (a). Such report shall include, but need not be  
10    limited to:

11           (2) No later than ~~March 1, 2002~~ MARCH 1, 2012, and no later than  
12    March 1 each year thereafter, the state auditor shall examine the report  
13    submitted in accordance with subsection (1) of this section and, upon  
14    completion of such review, shall report any findings regarding said  
15    submitted report to the education committees of the senate and the house  
16    of representatives, the legislative audit committee, the capital  
17    development committee, the joint budget committee, and the department  
18    of education.

19           (3) (a) THE STATE TREASURER MAY ENTER INTO A CONTRACT WITH  
20    A PUBLIC OR PRIVATE ENTITY TO PREPARE THE REPORT TO THE STATE  
21    AUDITOR REQUIRED PURSUANT TO SUBSECTION (1) OF THIS SECTION.

22           (b) THE STATE TREASURER MAY REQUIRE EACH QUALIFIED  
23    CHARTER SCHOOL THAT FINANCES CAPITAL CONSTRUCTION WITH  
24    QUALIFIED CHARTER SCHOOL BONDS TO PAY A FEE TO THE STATE  
25    TREASURER TO DEFRAY ANY DIRECT AND INDIRECT ADMINISTRATIVE  
26    COSTS INCURRED BY THE STATE TREASURER IN COMPLYING WITH THE  
27    REQUIREMENTS OF THIS SECTION. THE STATE TREASURER SHALL DEPOSIT

1 ANY FEES RECEIVED PURSUANT TO THIS PARAGRAPH (b) INTO THE  
2 CHARTER SCHOOL FINANCING ADMINISTRATIVE CASH FUND CREATED IN  
3 SECTION 22-30.5-406 (1) (c) (I).

4 **SECTION 6.** Part 1 of article 30.5 of title 22, Colorado Revised  
5 Statutes, is amended BY THE ADDITION OF A NEW SECTION to  
6 read:

7 **22-30.5-110.3. Nonrenewal or revocation - qualified charter**  
8 **school - exceptions.** (1) NOTWITHSTANDING THE PROVISIONS OF  
9 SECTIONS 22-30.5-108 AND 22-30.5-110, THE PROVISIONS OF THIS SECTION  
10 SHALL APPLY IF:

11 (a) A CHARTERING LOCAL BOARD OF EDUCATION DETERMINES  
12 THAT THE CHARTER OF A QUALIFIED CHARTER SCHOOL, AS DEFINED IN  
13 SECTION 22-30.5-408 (1) (c), WILL BE REVOKED OR WILL NOT BE  
14 RENEWED; AND

15 (b) THE QUALIFIED CHARTER SCHOOL HAS FINANCED CAPITAL  
16 CONSTRUCTION WITH REVENUES FROM BONDS ISSUED ON BEHALF OF THE  
17 QUALIFIED CHARTER SCHOOL BY A QUALIFIED ISSUER, AS DEFINED IN  
18 SECTION 22-30.5-408 (1) (e.5), PURSUANT TO SECTION 22-30.5-407.

19 (2) (a) IF A CHARTERING LOCAL BOARD OF EDUCATION MAKES A  
20 DETERMINATION TO REVOKE OR NOT RENEW THE CHARTER OF A QUALIFIED  
21 CHARTER SCHOOL AND SUBSECTION (1) OF THIS SECTION APPLIES, THE  
22 CHARTERING LOCAL BOARD OF EDUCATION SHALL NOTIFY THE STATE  
23 TREASURER AND THE COMMISSIONER OF EDUCATION IMMEDIATELY UPON  
24 SUCH DETERMINATION. IF THE QUALIFIED CHARTER SCHOOL APPEALS THE  
25 DETERMINATION OF THE CHARTERING LOCAL BOARD OF EDUCATION TO  
26 THE STATE BOARD OF EDUCATION PURSUANT TO SECTION 22-30.5-108 AND  
27 THE STATE BOARD UPHOLDS THE DECISION OF THE CHARTERING LOCAL

1 BOARD OF EDUCATION OR IF THE QUALIFIED CHARTER SCHOOL OPTS NOT  
2 TO APPEAL TO THE STATE BOARD WITHIN THIRTY DAYS OF THE DECISION  
3 OF THE CHARTERING LOCAL BOARD OF EDUCATION, THE COMMISSIONER  
4 SHALL SUSPEND THE REVOCATION OR NONRENEWAL OF THE CHARTER  
5 UNTIL SUCH TIME AS THE STATE TREASURER, THE COMMISSIONER, AND THE  
6 QUALIFIED ISSUER THAT ISSUED BONDS ON BEHALF OF THE QUALIFIED  
7 CHARTER SCHOOL DETERMINE, WITH THE CHARTERING LOCAL BOARD OF  
8 EDUCATION AND THE QUALIFIED CHARTER SCHOOL, WHETHER AN  
9 ALTERNATIVE EXISTS TO SUCH REVOCATION OR NONRENEWAL OF THE  
10 CHARTER.

11 (b) A CHARTERING LOCAL BOARD OF EDUCATION SHALL NOT BE  
12 REQUIRED TO SUSPEND A REVOCATION OR NONRENEWAL OF A CHARTER  
13 PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (2) FOR MORE THAN  
14 ONE HUNDRED TWENTY DAYS AFTER THE DATE THAT THE COMMISSIONER  
15 OF EDUCATION ORDERED THE SUSPENSION.

16 (3) THE STATE TREASURER, COMMISSIONER OF EDUCATION AND  
17 CHARTERING LOCAL BOARD OF EDUCATION, AND THE QUALIFIED ISSUER  
18 THAT ISSUED THE BONDS ON BEHALF OF THE APPLICABLE QUALIFIED  
19 CHARTER SCHOOL, MAY PURSUE THE FOLLOWING:

20 (a) THE CONVERSION OF THE QUALIFIED CHARTER SCHOOL FROM A  
21 SCHOOL OF THE CHARTERING DISTRICT TO AN INSTITUTE CHARTER SCHOOL;

22 (b) THE REORGANIZATION OF THE QUALIFIED CHARTER SCHOOL  
23 AND APPLICATION TO THE INITIAL CHARTERING LOCAL BOARD OF  
24 EDUCATION OR THE STATE CHARTER SCHOOL INSTITUTE FOR APPROVAL AS  
25 A CHARTER SCHOOL WITH THE CONDITION THAT THE NEWLY APPROVED  
26 CHARTER SCHOOL WILL ASSUME THE BOND OBLIGATIONS OF THE FORMER  
27 QUALIFIED CHARTER SCHOOL PURSUANT TO SECTION 22-30.5-407; OR



1 (c) ANY OTHER ALTERNATIVE DEEMED FEASIBLE BY THE STATE  
2 TREASURER, THE COMMISSIONER OF EDUCATION, THE QUALIFIED ISSUER,  
3 THE CHARTERING LOCAL BOARD OF EDUCATION, AND THE QUALIFIED  
4 CHARTER SCHOOL.

5 **SECTION 7.** Part 5 of article 30.5 of title 22, Colorado Revised  
6 Statutes, is amended BY THE ADDITION OF A NEW SECTION to  
7 read:

8 **22-30.5-511.3. Nonrenewal or revocation - qualified charter**  
9 **school - exceptions.** (1) NOTWITHSTANDING THE PROVISIONS OF SECTION  
10 22-30.5-511, THE PROVISIONS OF THIS SECTION SHALL APPLY IF:

11 (a) THE INSTITUTE BOARD DETERMINES THAT THE CHARTER OF A  
12 QUALIFIED CHARTER SCHOOL, AS DEFINED IN SECTION 22-30.5-408 (1) (c),  
13 WILL BE REVOKED OR WILL NOT BE RENEWED; AND

14 (b) THE QUALIFIED CHARTER SCHOOL HAS FINANCED CAPITAL  
15 CONSTRUCTION WITH REVENUES FROM BONDS ISSUED ON BEHALF OF THE  
16 QUALIFIED CHARTER SCHOOL BY A QUALIFIED ISSUER, AS DEFINED IN  
17 SECTION 22-30.5-408 (1) (e.5), PURSUANT TO SECTION 22-30.5-407.

18 (2) (a) IF THE INSTITUTE BOARD MAKES A DETERMINATION TO  
19 REVOKE OR NOT RENEW THE CHARTER OF A QUALIFIED CHARTER SCHOOL  
20 AND SUBSECTION (1) OF THIS SECTION APPLIES, THE INSTITUTE BOARD  
21 SHALL NOTIFY THE STATE TREASURER AND THE COMMISSIONER OF  
22 EDUCATION IMMEDIATELY UPON SUCH DETERMINATION. IF THE QUALIFIED  
23 CHARTER SCHOOL APPEALS THE DETERMINATION OF THE INSTITUTE BOARD  
24 TO THE STATE BOARD OF EDUCATION PURSUANT TO SECTION 22-30.5-511  
25 (5) (b) AND THE STATE BOARD UPHOLDS THE DECISION OF THE INSTITUTE  
26 BOARD OR IF THE QUALIFIED CHARTER SCHOOL OPTS NOT TO APPEAL TO  
27 THE STATE BOARD WITHIN THIRTY DAYS OF THE DECISION OF THE

1 INSTITUTE BOARD, THE COMMISSIONER SHALL SUSPEND THE REVOCATION  
2 OR NONRENEWAL OF THE CHARTER UNTIL SUCH TIME AS THE STATE  
3 TREASURER, THE COMMISSIONER, AND THE QUALIFIED ISSUER THAT ISSUED  
4 BONDS ON BEHALF OF THE QUALIFIED CHARTER SCHOOL DETERMINE, WITH  
5 THE INSTITUTE BOARD AND THE QUALIFIED CHARTER SCHOOL, WHETHER  
6 AN ALTERNATIVE EXISTS TO SUCH REVOCATION OR NONRENEWAL OF THE  
7 CHARTER.

8 (b) THE INSTITUTE BOARD SHALL NOT BE REQUIRED TO SUSPEND  
9 A REVOCATION OR NONRENEWAL OF A CHARTER PURSUANT TO PARAGRAPH  
10 (a) OF THIS SUBSECTION (2) FOR MORE THAN ONE HUNDRED TWENTY DAYS  
11 AFTER THE DATE THAT THE COMMISSIONER OF EDUCATION ORDERED THE  
12 SUSPENSION.

13 (3) THE STATE TREASURER, COMMISSIONER OF EDUCATION AND  
14 INSTITUTE BOARD, AND THE QUALIFIED ISSUER THAT ISSUED THE BONDS ON  
15 BEHALF OF THE APPLICABLE QUALIFIED CHARTER SCHOOL, MAY PURSUE  
16 THE FOLLOWING:

17 (a) THE CONVERSION OF THE QUALIFIED CHARTER SCHOOL FROM  
18 AN INSTITUTE CHARTER SCHOOL TO A SCHOOL OF THE ACCOUNTING  
19 DISTRICT OF THE INSTITUTE CHARTER SCHOOL, AS DEFINED IN SECTION  
20 22-30.5-513 (1) (a);

21 (b) THE REORGANIZATION OF THE QUALIFIED CHARTER SCHOOL  
22 AND APPLICATION TO THE INSTITUTE BOARD OR THE LOCAL BOARD OF  
23 EDUCATION OF THE ACCOUNTING DISTRICT FOR APPROVAL AS A CHARTER  
24 SCHOOL WITH THE CONDITION THAT THE NEWLY APPROVED CHARTER  
25 SCHOOL WILL ASSUME THE BOND OBLIGATIONS OF THE FORMER QUALIFIED  
26 CHARTER SCHOOL PURSUANT TO SECTION 22-30.5-407; OR

27 (c) ANY OTHER ALTERNATIVE DEEMED FEASIBLE BY THE STATE

1       TREASURER, THE COMMISSIONER OF EDUCATION, THE QUALIFIED ISSUER,  
2       THE INSTITUTE BOARD, AND THE QUALIFIED CHARTER SCHOOL.

3               **SECTION 8.** 29-3-103 (10), Colorado Revised Statutes, is  
4       amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

5               **29-3-103. Definitions.** As used in this article, unless the context  
6       otherwise requires:

7               (10) "Project" means any land, building, or other improvement  
8       and all real or personal properties, and any undivided or other interest in  
9       any of the foregoing, except inventories and raw materials, whether or not  
10      in existence, suitable or used for or in connection with any of the  
11      following:

12              (n)    FACILITIES FOR PUBLIC EDUCATION FROM PRESCHOOL  
13      THROUGH THE TWELFTH GRADE.

14              **SECTION 9.** 22-30.5-406 (1) (c) (I), Colorado Revised Statutes,  
15      is amended to read:

16              **22-30.5-406. Direct payment of charter school bonds by the**  
17      **state treasurer and school districts.** (1) (c) (I) In the case of a charter  
18      school authorized by a school district board of education, the state  
19      treasurer shall withhold the amount of any direct payments made on  
20      behalf of a charter school plus administrative costs associated with the  
21      making of direct payments in an amount agreed upon by the state  
22      treasurer and the charter school from the payments to the chartering  
23      district of the state share of the district's total program made pursuant to  
24      article 54 of this title. The state treasurer shall notify the chief financial  
25      officers of the chartering district and the charter school of any amount of  
26      moneys withheld and the chartering district shall reduce the amount of  
27      funding it provides to the charter school by said amount. Any

1 administrative costs withheld by the state treasurer pursuant to this  
2 subparagraph (I) shall be credited to the charter school financing  
3 administrative cash fund, which fund is hereby created. THE MONEYS IN  
4 THE FUND SHALL ALSO CONSIST OF MONEYS CREDITED TO THE FUND  
5 PURSUANT TO SECTION 22-30.5-409 (3) (b). Moneys in the fund shall be  
6 continuously appropriated to the state treasurer for the direct and indirect  
7 costs of the administration of this section AND FOR COMPLYING WITH THE  
8 REQUIREMENTS OF SECTION 22-30.5-409. Moneys in the charter school  
9 financing administrative cash fund shall remain in the fund and shall not  
10 revert to the general fund at the end of any fiscal year.

11 **SECTION 10. Effective date.** This act shall take effect July 1,  
12 2011.

13 **SECTION 11. Safety clause.** The general assembly hereby finds,  
14 determines, and declares that this act is necessary for the immediate  
15 preservation of the public peace, health, and safety.