

Be it Enacted by the People of the State of Colorado:

SECTION 1. Section 17 (1) and (4) of article IX of the constitution of the state of Colorado is amended, and section 17 is further amended BY THE ADDITION OF THE FOLLOWING NEW SUBSECTIONS, to read:

Section 17. Education - funding. (1) Purpose. In state fiscal year 2001-2002 through state fiscal year 2010-2011, the statewide base per pupil funding, as defined by the Public School Finance Act of 1994, article 54 of title 22, Colorado Revised Statutes, on the effective date of this section, for public education from preschool through the twelfth grade and total state funding for all categorical programs shall grow annually at least by the rate of inflation plus an additional one percentage point. PRIOR TO JANUARY 1, 2009, In state fiscal year 2011-2012, and each fiscal year thereafter, the statewide base per pupil funding for public education from preschool through the twelfth grade and total state funding for all categorical programs shall grow annually at a rate set by the general assembly that is at least equal to the rate of inflation.

(1.5) EFFECTIVE JANUARY 1, 2009, IN STATE FISCAL YEAR 2001-2002 THROUGH STATE FISCAL YEAR 2010-2011, THE STATEWIDE BASE PER PUPIL FUNDING, AS DEFINED BY THE PUBLIC SCHOOL FINANCE ACT OF 1994, ARTICLE 54 OF TITLE 22, COLORADO REVISED STATUTES, ON THE EFFECTIVE DATE OF THIS SECTION, FOR PUBLIC EDUCATION FROM PRESCHOOL THROUGH THE TWELFTH GRADE AND TOTAL STATE FUNDING FOR ALL CATEGORICAL PROGRAMS SHALL GROW ANNUALLY AT LEAST BY THE RATE OF INFLATION PLUS AN ADDITIONAL ONE PERCENTAGE POINT.

(4) **State education fund created.** (a) There is hereby created in the department of the treasury the state education fund. Beginning on the effective date of this measure, all state revenues collected from a tax of one third of one percent on federal taxable income, as modified by law, of every individual, estate, trust and corporation, as defined in law, shall be deposited in the state education fund. Revenues generated from a tax of one third of one percent on federal taxable income, as modified by law, of every individual, estate, trust and corporation, as defined in law, shall not be subject to the limitation on fiscal year spending set forth in article X, section 20 of the Colorado constitution. All interest earned on monies in the state education fund shall be deposited in the state education fund and shall be used before any principal is depleted. Monies remaining in the state education fund at the end of any fiscal year shall remain in the fund and not revert to the general fund.

(b) In state fiscal year 2001-2002, and each fiscal year thereafter, the general assembly may annually appropriate monies from the state education fund. PRIOR TO JANUARY 1, 2009, Monies in the state education fund may only be used to comply with subsection (1) of this section and for accountable education reform, for accountable programs to meet state academic standards, for class size reduction, for expanding

technology education, for improving student safety, for expanding the availability of preschool and kindergarten programs, for performance incentives for teachers, for accountability reporting, or for public school building capital construction.

(b.5) IN STATE FISCAL YEAR 2001-2002, AND EACH FISCAL YEAR THEREAFTER, THE GENERAL ASSEMBLY MAY ANNUALLY APPROPRIATE MONIES FROM THE STATE EDUCATION FUND. EFFECTIVE JANUARY 1, 2009, MONIES IN THE STATE EDUCATION FUND MAY ONLY BE USED FOR PUBLIC EDUCATION FROM PRESCHOOL THROUGH THE TWELFTH GRADE, FOR CATEGORICAL PROGRAMS, FOR ACCOUNTABLE EDUCATION REFORM, FOR ACCOUNTABLE PROGRAMS TO MEET STATE ACADEMIC STANDARDS, FOR CLASS SIZE REDUCTION, FOR EXPANDING TECHNOLOGY EDUCATION, FOR IMPROVING STUDENT SAFETY, FOR EXPANDING THE AVAILABILITY OF PRESCHOOL AND KINDERGARTEN PROGRAMS, FOR PERFORMANCE INCENTIVES FOR TEACHERS, FOR ACCOUNTABILITY REPORTING, OR FOR PUBLIC SCHOOL BUILDING CAPITAL CONSTRUCTION.

(c) IN ADDITION TO THE AMOUNT DEPOSITED INTO THE STATE EDUCATION FUND PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (4), FOR THE 2010-11 STATE FISCAL YEAR AND EACH STATE FISCAL YEAR THEREAFTER, THE FUND SHALL CONSIST OF REVENUES SPECIFIED IN SECTION 20 (10) OF ARTICLE X OF THIS CONSTITUTION.

(6) State education fund savings account created. (a) THERE IS HEREBY CREATED IN THE STATE EDUCATION FUND THE STATE EDUCATION FUND SAVINGS ACCOUNT. THE ACCOUNT SHALL CONSIST OF THE MONEYS CREDITED TO THE ACCOUNT PURSUANT TO PARAGRAPH (b) OF THIS SUBSECTION (6). THE MONEYS IN THE ACCOUNT SHALL BE USED ONLY AS SPECIFIED IN PARAGRAPH (c) OF THIS SUBSECTION (6). ALL INTEREST EARNED ON MONEYS IN THE ACCOUNT SHALL BE DEPOSITED IN THE ACCOUNT. MONEYS REMAINING IN THE ACCOUNT AT THE END OF ANY STATE FISCAL YEAR SHALL REMAIN IN THE ACCOUNT AND SHALL NOT REVERT TO THE GENERAL FUND OR ANY OTHER FUND.

(b) FOR THE 2009-10 STATE FISCAL YEAR AND EACH STATE FISCAL YEAR THEREAFTER, EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPH (d) OF THIS SUBSECTION (6), TEN PERCENT OF THE TOTAL AMOUNT THAT IS DEPOSITED IN THE STATE EDUCATION FUND PURSUANT TO PARAGRAPH (a) OF SUBSECTION (4) OF THIS SECTION SHALL BE CREDITED TO THE STATE EDUCATION FUND SAVINGS ACCOUNT.

(c) THE GENERAL ASSEMBLY SHALL ONLY APPROPRIATE MONEYS FROM THE STATE EDUCATION FUND SAVINGS ACCOUNT IF, AT ANY TIME DURING A FISCAL YEAR, THE MOST RECENT AVAILABLE QUARTERLY REVENUE ESTIMATE PREPARED BY THE STAFF OF THE LEGISLATIVE COUNCIL INDICATES THAT THE AMOUNT OF TOTAL GENERAL FUND REVENUES FOR THE FISCAL YEAR WILL NOT BE SUFFICIENT TO ALLOW THE STATE TO MAINTAIN THE FOUR PERCENT RESERVE REQUIRED BY SECTION 24-75-201.1 (1) (d) (III), C.R.S. THE MONEYS IN THE ACCOUNT MAY BE APPROPRIATED FOR THE SAME PURPOSES

FOR WHICH THE MONEYS IN THE STATE EDUCATION FUND MAY BE APPROPRIATED PURSUANT TO PARAGRAPH (b) OF SUBSECTION (4) OF THIS SECTION AND SHALL NOT BE APPROPRIATED FOR ANY OTHER PURPOSE.

(d) IF MONEYS THAT WOULD OTHERWISE BE CREDITED TO THE STATE EDUCATION FUND SAVINGS ACCOUNT PURSUANT TO PARAGRAPH (b) OF THIS SUBSECTION (6) WOULD CAUSE THE BALANCE OF MONEYS IN THE ACCOUNT TO EXCEED AN AMOUNT EQUAL TO EIGHT PERCENT OF THE TOTAL AMOUNT APPROPRIATED IN THE PREVIOUS STATE FISCAL YEAR BY THE GENERAL ASSEMBLY FROM THE GENERAL FUND AND FROM THE STATE EDUCATION FUND, THE MONEYS SHALL NOT BE CREDITED TO THE ACCOUNT. MONEYS THAT WOULD OTHERWISE BE CREDITED TO THE ACCOUNT FROM THE STATE EDUCATION FUND SHALL REMAIN IN THE STATE EDUCATION FUND.

(7) Transfers from the general fund. (a) SUBJECT TO THE LIMITATIONS SPECIFIED IN PARAGRAPH (b) OF THIS SUBSECTION (7), FOR THE 2009-10 STATE FISCAL YEAR AND EACH STATE FISCAL YEAR THEREAFTER, THE GENERAL ASSEMBLY MAY TRANSFER MONEYS FROM THE GENERAL FUND TO THE STATE EDUCATION FUND. TRANSFERS OF MONEYS FROM THE GENERAL FUND TO THE STATE EDUCATION FUND PURSUANT TO THIS SUBSECTION (7) SHALL NOT BE SUBJECT TO ANY STATUTORY LIMITATION ON GENERAL FUND APPROPRIATIONS GROWTH OR OTHERWISE AFFECT SUCH LIMITATION.

(b) THE GENERAL ASSEMBLY MAY MAKE A TRANSFER PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (7) ONLY IF, FOR THE APPLICABLE STATE FISCAL YEAR, THE MAXIMUM PERCENTAGE OF STATE SALES AND USE TAXES CONSTITUTING SALES AND USE TAXES ATTRIBUTABLE TO SALES OR USE OF VEHICLES AND RELATED ITEMS THAT IS REQUIRED, PURSUANT TO LAW, TO BE TRANSFERRED ANNUALLY TO THE HIGHWAY USERS TAX FUND, CREDITED TO THE STATE HIGHWAY FUND, AND EXPENDED BY THE DEPARTMENT OF TRANSPORTATION FOR THE IMPLEMENTATION OF THE STRATEGIC TRANSPORTATION PROJECT INVESTMENT PROGRAM IS SO TRANSFERRED, CREDITED, AND EXPENDED.

SECTION 2. Section 20 of article X of the constitution of the state of Colorado is amended BY THE ADDITION OF A NEW SUBSECTION to read:

Section 20. The Taxpayer's Bill of Rights. (10) State revenue for public education exception. NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, FOR THE 2010-11 STATE FISCAL YEAR AND EACH STATE FISCAL YEAR THEREAFTER, ANY REVENUE THAT THE STATE WOULD OTHERWISE BE REQUIRED TO REFUND PURSUANT TO THE PROVISIONS OF THIS SECTION SHALL BE TRANSFERRED INSTEAD TO THE STATE EDUCATION FUND CREATED IN SECTION 17 (4) OF ARTICLE IX OF THIS CONSTITUTION. SUCH TRANSFERS SHALL BE FROM ANY FUNDS SPECIFIED BY LAW.

Proponents:

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