A BILL FOR AN ACT

CONCERNING THE ALLOCATION OF MONEY THAT THE STATE KEEPS AND SPENDS AS A RESULT OF A VOTER-APPROVED REVENUE CHANGE AT THE 2019 STATEWIDE ELECTION.

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://leg.colorado.gov.)

The bill is contingent on voters approving a related referred measure to annually retain and spend state revenues in excess of the constitutional spending limit. If the measure passes, in years when the state retains and spends revenue under the authority of the measure there will be additional revenue in the general fund exempt account (account).
Section 1 of the bill requires 1/3 of this money in the account to be allocated to each of the purposes approved by voters, which are:

- Public schools;
- Higher education; and
- Roads, bridges, and transit.

The general assembly is required to appropriate the money for public schools and higher education for the state fiscal year after the state retains the revenue under the authority of the voter-approved revenue change, with an exception for the state fiscal year 2018-19. The money appropriated for public schools must be distributed on a per pupil basis and used by public schools only for nonrecurring expenses for the purpose of improving classrooms, and it may not be used as part of a district reserve.

The state treasurer is required to transfer the remaining 1/3 of the money to the highway users tax fund (HUTF) after the state treasurer receives a report certifying the state's TABOR revenues (report). Section 3 clarifies that the report must include the money that the state keeps and spends as a result of the 2019 measure, and that this amount must be reported separately from the referendum C money in the account.

Under section 4 the money the state treasurer transfers to the HUTF is allocated 60% to the state highway fund, 22% to counties, and 18% to cities and incorporated towns. Under section 5 no more than 90% of the money allocated to the state highway fund may be expended for highway purposes or highway-related capital improvements and at least 10% must be expended for transit purposes or for transit-related capital improvements.

Section 2 includes a conforming amendment to ensure that the allocation for the referendum C money does not apply to any new revenue in the account as a result of the 2019 voter approval.

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

SECTION 1. In Colorado Revised Statutes, add 24-77-104.7 as follows:

24-77-104.7. General fund exempt account - proposition CC revenue - allocation - definition. (1) Money in the general fund exempt account that corresponds to the revenue that the state retains and spends in accordance with the voters' approval of section 24-77-103.6 (1)(c) is allocated in one-third shares to
PROVIDE FUNDING FOR EACH OF THE FOLLOWING:

(a) PUBLIC SCHOOLS;

(b) HIGHER EDUCATION; AND

(c) ROADS, BRIDGES, AND TRANSIT.

(2) FOR ANY STATE FISCAL YEAR IN WHICH THERE IS MONEY SUBJECT TO THE ALLOCATION IN SUBSECTION (1) OF THIS SECTION:

(a) THE STATE TREASURER SHALL TRANSFER ONE-THIRD OF THIS MONEY IN THE GENERAL FUND EXEMPT ACCOUNT FROM THE PRIOR FISCAL YEAR TO THE HIGHWAY USERS TAX FUND CREATED IN SECTION 43-4-201 TO BE ALLOCATED IN ACCORDANCE WITH SECTIONS 43-4-205 TO 43-4-208;

(b) THE GENERAL ASSEMBLY SHALL APPROPRIATE ONE-THIRD OF THIS MONEY IN THE GENERAL FUND EXEMPT ACCOUNT FOR HIGHER EDUCATION; AND

(c) THE GENERAL ASSEMBLY SHALL APPROPRIATE ONE-THIRD OF THIS MONEY IN THE GENERAL FUND EXEMPT ACCOUNT FOR PUBLIC SCHOOLS TO BE DISTRIBUTED ON A PER PUPIL BASIS AND USED ONLY FOR NONRECURRING EXPENSES FOR THE PURPOSE OF IMPROVING CLASSROOMS, INCLUDING, BUT NOT LIMITED TO, INITIATIVES THAT HELP ATTRACT AND RETAIN EDUCATORS, INITIATIVES TO IMPROVE TEACHER TRAINING, AND BOOKS AND TECHNOLOGY FOR STUDENT LEARNING. A DISTRICT SHALL NOT USE MONEY APPROPRIATED UNDER THIS SECTION AS PART OF A DISTRICT RESERVE.

(3) THE GENERAL ASSEMBLY SHALL APPROPRIATE MONEY AS REQUIRED BY SUBSECTION (2) OF THIS SECTION FOR THE STATE FISCAL YEAR FOLLOWING THE STATE FISCAL YEAR FOR WHICH THE STATE RETAINS AND SPENDS REVENUE IN ACCORDANCE WITH SECTION 24-77-103.6 (1)(c), AND THE STATE TREASURER SHALL TRANSFER MONEY AS REQUIRED BY
SUBSECTION (2)(a) OF THIS SECTION WITHIN THREE BUSINESS DAYS AFTER RECEIVING THE CERTIFICATION FROM THE STATE AUDITOR IN ACCORDANCE WITH SECTION 24-77-106.5 (2) FOR THAT STATE FISCAL YEAR.

(4) AS USED IN THIS SECTION, "GENERAL FUND EXEMPT ACCOUNT" MEANS THE GENERAL FUND EXEMPT ACCOUNT CREATED IN SECTION 24-77-103.6 (2).

SECTION 2. In Colorado Revised Statutes, 24-77-104.5, amend (1) introductory portion and (1)(b) introductory portion as follows:

24-77-104.5. General fund exempt account - referendum C money - specification of uses for health care and education - definitions. (1) The moneys MONEY in the general fund exempt account created in section 24-77-103.6 (2) AS A RESULT OF SECTION 24-77-103.6 (1)(b) shall be appropriated or transferred in the following manner:

(b) If there are any moneys MONEY in the account AS A RESULT OF SECTION 24-77-103.6 (1)(b) after the appropriations or transfers required by paragraph (a) of this subsection (1)(a) OF THIS SECTION are made, then all moneys MONEY remaining in the account AS A RESULT OF SECTION 24-77-103.6 (1)(b) shall be split equally for the following three purposes:

SECTION 3. In Colorado Revised Statutes, 24-77-106.5, amend (1)(b) and (2); and add (4) as follows:

24-77-106.5. Annual financial report - certification of excess state revenues. (1) (b) Notwithstanding section 24-1-136 (11)(a)(I), based upon the financial report prepared in accordance with subsection (1)(a) of this section for any given fiscal year, the controller shall certify to the governor, the general assembly, THE STATE TREASURER, and the
executive director of the department of revenue no later than September 1 following the end of a fiscal year the amount of state revenues in excess of the limitation on state fiscal year spending imposed by section 20 (7)(a) of article X of the state constitution, if any, for such fiscal year and the state revenues in excess of such limitation that the state is authorized to retain and spend pursuant to voter approval of section 24-77-103.6.

(2) Any financial report prepared and certification of state excess revenues made pursuant to subsection (1) of this section shall be audited by the state auditor. No later than September 15 following the certification made by the state controller for any given fiscal year, the state auditor shall report and transmit to the governor, the joint budget committee, the finance committees of the house of representatives and the senate, THE STATE TREASURER, and the executive director of the department of revenue the results of any audit conducted in accordance with this subsection (2).

(4) THE STATE REVENUES IN EXCESS OF THE LIMITATION ON STATE FISCAL YEAR SPENDING IMPOSED BY SECTION 20 (7)(a) OF ARTICLE X OF THE STATE CONSTITUTION THAT THE STATE IS AUTHORIZED TO RETAIN AND SPEND PURSUANT TO VOTER APPROVAL OF SECTION 24-77-103.6 INCLUDE THE AMOUNTS THAT THE VOTERS APPROVED AT THE NOVEMBER 2005 STATEWIDE ELECTION AND THE NOVEMBER 2019 STATEWIDE ELECTION, WHICH AMOUNTS MUST BE REPORTED SEPARATELY.

SECTION 4. In Colorado Revised Statutes, 43-4-205, add (6.2) as follows:

43-4-205. Allocation of fund. (6.2) MONEY TRANSFERRED TO THE HIGHWAY USERS TAX FUND IN ACCORDANCE WITH SECTION 24-77-104.5 (2)(a) IS ALLOCATED AND MUST BE EXPENDED IN
ACCORDANCE WITH THE FORMULA SPECIFIED IN SUBSECTION (6)(b) OF THIS SECTION.

SECTION 5. In Colorado Revised Statutes, 43-4-206, add (2)(e) as follows:

43-4-206. State allocation. (2) (e) The Department of Transportation shall expend revenue credited to the State Highway Fund pursuant to Section 43-4-205 (6.2) for the implementation of the Strategic Transportation Project Investment Program based on the following allocation:

(I) No more than eighty-five percent of the revenues for highway purposes or highway-related capital improvements, including, but not limited to, high occupancy vehicle lanes, park-and-ride facilities, and transportation management systems; and

(II) At least fifteen percent of the revenues for transit purposes or for transit-related capital improvements.

SECTION 6. Effective date. This act takes effect only if House Bill 19-1257 is approved by the voters at the 2019 statewide election and becomes law.

SECTION 7. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.