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FISCAL NOTE

Drafting Number: LLS 19-0235 Date: March 11, 2019
Prime Sponsors: Sen. Priola; Todd Bill Status: Senate Education
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Bill Topic: ALTERNATE PROCEDURE TO REORGANIZE SCHOOL DISTRICTS

Summary of Fiscal Impact:
State Revenue TABOR Refund
State Expenditure Local Government
State Transfer School District

The bill creates an alternative process for the dissolution and annexation of a school district. The bill increases workload for locally elected boards of education and the Colorado Department of Education.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Summary of Legislation

The bill creates an alternative process for the dissolution of a school district and the annexation of that dissolved district by one or more neighboring school districts if at least one of the following conditions exist:

- the State Board of Education removes the district's accreditation or directs the district to reorganize;
the district does not provide a full twelve-grade educational program within the schools of the district; or
the district enrolls fewer than 50 students.

A school district board of education and one or more of the neighboring school district's boards of education may form an organization planning committee, notify the Commissioner of Education, and adopt a proposed plan for the dissolution and annexation of the district. The bill sets time lines, and lists issues that must be addressed in the plan, such as the needs of affected students, facility use, legal boundaries, bonded indebtedness, and the equitable distribution of the properties and cash assets of the dissolving school district to the annexing school district(s).

Following notification of the Commissioner of Education and holding public hearings, the affected school districts and the Commissioner must work together to adopt a final plan that is mutually acceptable to all parties. The bill sets deadlines for designating and adopting a final plan, and procedures if any of the local school boards involved reject the final plan. Following final approval by all affected districts, the county clerk and recorder in each affected county must submit to the Commissioner of Education a map and legal description of the annexing school district(s).

Once approved, the dissolution and annexation is effective for all purposes on the date specified in the plan. For the purposes of school finance, however, the final plan takes effect on the July 1 following submission of the map and legal description of the annexing school district(s). If the dissolved school district has remaining debt or outstanding liability, other than bonded debt, that exceeds one-half mill on the total valuation of the dissolving school district, then the annexing school district(s), subject to voter approval, may levy a special tax against the taxable property of the dissolving school district in order to retire the outstanding liability.

State Expenditures

The Commissioner of Education and the Colorado Department of Education will have a workload increase to assist a school district board that chooses to plan for the dissolution and annexation. This workload increase will occur infrequently, and does not require additional state appropriations.

School District

Affected school districts will have increased workload to organize, plan, adopt and implement a plan of dissolution and annexation, including the conduct of public hearings, and working with the Commissioner of Education to adopt the plan under set deadlines. Annexing school districts may, with voter approval, create a separate mill levy to receive additional revenue and retire outstanding debt of the dissolving school district.

Effective Date

The bill takes effect August 2, 2019, if the General Assembly adjourns on May 3, 2019, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Education Law