A BILL FOR AN ACT

Concerning providing state matching money for property tax revenue collected by school districts.

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/.)

Legislative Interim Committee on School Finance. Beginning in the 2022-23 budget year, the bill directs the department of education (department) to distribute to each eligible school district an amount of state money as a matching amount to the property tax revenue the eligible district receives from mills levied for additional revenue (override mills). To determine the amount, if any, of state matching money, the department...
must calculate for each district:

- The district's maximum number of override mills; and
- The number of override mills the district may be expected to levy toward the district's maximum number of override mills (override mill capacity), based on the district's median household income.

If a district's override mill capacity is less than the maximum number of override mills, the district is eligible to receive matching state money. The department must calculate each eligible district's mill levy match amount as provided in the bill. The department must distribute the mill levy match amounts from the mill levy override match fund created in the bill.

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

SECTION 1. In Colorado Revised Statutes, add 22-54-107.9 as follows:

22-54-107.9. Override mill levy match - calculation - distribution - fund created - definitions. (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "APPLICABLE BUDGET YEAR" MEANS THE BUDGET YEAR IN WHICH THE DEPARTMENT DISTRIBUTES MONEY PURSUANT TO THIS SECTION TO A DISTRICT.

(b) "APPLICABLE PROPERTY TAX YEAR" MEANS THE PROPERTY TAX YEAR THAT ENDS DURING THE APPLICABLE BUDGET YEAR.

(c) "DEPARTMENT" MEANS THE DEPARTMENT OF EDUCATION CREATED PURSUANT TO SECTION 24-1-115.

(d) "ELIGIBLE DISTRICT" MEANS A DISTRICT FOR WHICH THE OVERRIDE MILL CAPACITY IS LESS THAN THE MAXIMUM NUMBER OF OVERRIDE MILLS CALCULATED FOR THE DISTRICT.

(e) "MAXIMUM NUMBER OF OVERRIDE MILLS" IS THE NUMBER OF OVERRIDE MILLS CALCULATED FOR A DISTRICT PURSUANT TO SUBSECTION (3) OF THIS SECTION.
(f) "OVERRIDE MILL CAPACITY" MEANS THE NUMBER OF OVERRIDE MILLS CALCULATED PURSUANT TO SUBSECTION (4) OF THIS SECTION THAT A DISTRICT MAY BE EXPECTED TO LEVY TOWARD THE DISTRICT’S MAXIMUM NUMBER OF OVERRIDE MILLS.

(g) "OVERRIDE MILLS" MEANS PROPERTY TAX MILLS THAT A DISTRICT LEVIES PURSUANT TO SECTION 22-54-108.

(h) "TOTAL PROGRAM" MEANS THE AMOUNT OF TOTAL PROGRAM FUNDING FOR A DISTRICT CALCULATED PURSUANT TO SECTION 22-54-104 (2) BEFORE APPLICATION OF THE BUDGET STABILIZATION FACTOR.

(2) (a) BEGINNING IN THE 2022-23 BUDGET YEAR AND FOR EACH BUDGET YEAR THEREAFTER, THE DEPARTMENT SHALL ANNUALLY DISTRIBUTE TO EACH ELIGIBLE DISTRICT AN OVERRIDE MILL MATCH AMOUNT CALCULATED AS PROVIDED IN THIS SECTION. THE DEPARTMENT SHALL DISTRIBUTE THE OVERRIDE MILL MATCH AMOUNT FROM MONEY ANNUALLY APPROPRIATED TO THE MILL LEVY OVERRIDE MATCH FUND CREATED IN SUBSECTION (6) OF THIS SECTION. IN A BUDGET YEAR IN WHICH THE GENERAL ASSEMBLY DOES NOT APPROPRIATE A SUFFICIENT AMOUNT TO FULLY FUND THE DISTRIBUTIONS CALCULATED PURSUANT TO THIS SECTION, THE DEPARTMENT SHALL REDUCE THE AMOUNT OF EACH ELIGIBLE DISTRICT’S DISTRIBUTION BY THE SAME PERCENTAGE THAT THE DEFICIT BEARS TO THE AMOUNT REQUIRED TO FULLY FUND THE DISTRIBUTIONS CALCULATED PURSUANT TO THIS SECTION.

(b) THE OVERRIDE MILL MATCH AMOUNT THAT AN ELIGIBLE DISTRICT RECEIVES PURSUANT TO THIS SECTION IS DEEMED TO BE ADDITIONAL MILL LEVY REVENUE THAT IS SUBJECT TO DISTRIBUTION TO THE CHARTER SCHOOLS OF THE DISTRICT IN THE SAME MANNER THAT THE DISTRICT DISTRIBUTES OTHER ADDITIONAL MILL LEVY REVENUE THAT IT
COLLECTS TO THE CHARTER SCHOOLS OF THE DISTRICT PURSUANT TO
SECTION 22-32-108.5.

(3) (a) For the 2022-23 budget year and for each budget
year thereafter, the department shall annually determine each
district's maximum number of override mills, which is equal to
the number of mills that the district may levy for the applicable
property tax year to generate property tax revenue equal to
twenty-five percent or thirty percent, whichever is applicable
pursuant to section 22-54-108 (3)(b)(III) and (3)(b)(IV), of the
district's:

(I) Total program for the applicable budget year, if ten
percent or less of the district's funded pupil count for the
applicable budget year is attributable to the district's online
pupil enrollment; or

(II) Adjusted total program for the applicable budget
year calculated pursuant to subsection (3)(b) of this section, if
more than ten percent of the district's funded pupil count for
the applicable budget year is attributable to the district's
online pupil enrollment.

(b) If more than ten percent of a district's funded pupil
count for the applicable budget year is attributable to the
district's online pupil enrollment, the department shall
calculate the district's adjusted total program as follows:

(I) The department shall reduce the district's online pupil
enrollment in accordance with the following formula:

\[ \text{District online pupil enrollment} - (\text{((District funded pupil count - District online pupil enrollment)} ÷ .9) ÷ .1) \]
(II) The department shall subtract from the district's total program for the applicable budget year an amount equal to the district's reduced online pupil enrollment, calculated pursuant to subsection (3)(b)(I) of this section, multiplied by the per pupil online funding amount for the applicable budget year as described in section 22-54-104 (4.5)(c)(II), before application of the budget stabilization factor.

(4) (a) For the 2022-23 budget year and every five years thereafter, the department shall determine the five-year average median household income for each district in the state, referred to in this section as the "average median income", by averaging the median household income for each district as determined by the United States census bureau's American community survey for the preceding five calendar years. The department shall determine the amount of the difference between the highest average median income and lowest average median income among all districts in the state, referred to in this section as the "median income gap".

(b) For the 2022-23 budget year and every five budget years thereafter, using the average median income for each district, the department shall determine for each district the district's override mill capacity, which is the number of override mills the district may be expected to levy toward the district's maximum number of override mills, using the following formula:

\[((\text{DISTRICT AVERAGE MEDIAN INCOME} - \text{LOWEST DISTRICT AVERAGE MEDIAN INCOME}) / \text{MEDIAN INCOME GAP}) \times 20\) + 15

(5) For the 2022-23 budget year and each budget year
THEREAFTER, THE DEPARTMENT SHALL CALCULATE THE STATE MATCH PERCENTAGE FOR EACH ELIGIBLE DISTRICT BY SUBTRACTING THE ELIGIBLE DISTRICT'S OVERRIDE MILL CAPACITY FROM THE ELIGIBLE DISTRICT'S MAXIMUM NUMBER OF OVERRIDE MILLS, THEN DIVIDING THE REMAINDER BY THE ELIGIBLE DISTRICT'S OVERRIDE MILL CAPACITY. THE DEPARTMENT SHALL ANNUALLY DISTRIBUTE TO EACH ELIGIBLE DISTRICT AN OVERRIDE MILL MATCH AMOUNT EQUAL TO THE ELIGIBLE DISTRICT'S STATE MATCH PERCENTAGE MULTIPLIED BY THE AMOUNT OF PROPERTY TAX REVENUE GENERATED BY THE NUMBER OF OVERRIDE MILLS THAT THE ELIGIBLE DISTRICT LEVIES FOR THE APPLICABLE PROPERTY TAX YEAR.


SECTION 2. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety.