

CHAPTER 138

EDUCATION - PUBLIC SCHOOLS

SENATE BILL 04-068

BY SENATOR(S) Hillman;
also REPRESENTATIVE(S) May M., and Brophy.

AN ACT

CONCERNING THE ADMINISTRATION OF A SCHOOL DISTRICT BOND REDEMPTION FUND.

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

SECTION 1. 22-45-103 (1) (b) (I) and (1) (b) (V), Colorado Revised Statutes, are amended, and the said 22-45-103 (1) (b) is further amended BY THE ADDITION OF A NEW SUBPARAGRAPH, to read:

22-45-103. Funds. (1) The following funds are created for each school district for purposes specified in this article:

(b) **Bond redemption fund.** (I) The revenues from a tax levy for the purpose of satisfying bonded indebtedness obligations, both principal and interest, shall be recorded in the bond redemption fund, which shall be administered by at least one third-party custodian designated by the school district as provided in subparagraph (V) of this paragraph (b), unless the school district meets one of the exceptions specified in subparagraph (VI) OR (VII) of this paragraph (b). The bond redemption fund may include more than one subsidiary account for which a separate tax levy is made to satisfy the obligations of bonded indebtedness, including a separate tax levy to satisfy the obligations of bonded indebtedness incurred by a former school district. The revenues from each separate tax levy shall be held in trust for the purpose of satisfying the obligations of the bonded indebtedness for which the tax levy was made; except that revenues, if any, remaining to the credit of a separate subsidiary account after satisfaction of all such obligations of that subsidiary account may be transferred to another subsidiary account in the same fund.

(V) Except as otherwise provided in subparagraph (VI) OR (VII) of this paragraph (b), on or before July 1, 2003, each school district shall select at least one commercial bank or depository trust company that has full trust powers, is located

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

within the state of Colorado, and is a member of the federal deposit insurance corporation to act as a third-party custodian to administer the school district's bond redemption fund. A school district may select multiple third-party custodians to administer the district's bond redemption fund, so long as each custodian selected meets the requirements for a custodian specified in this subparagraph (V). The custodian shall be responsible for making payments from the bond redemption fund as provided by law. The custodian, with the agreement of the school district, may withdraw any or all of the moneys in the bond redemption fund that are temporarily not needed to satisfy the school district's obligations, for purposes of depositing or investing the moneys in any investments permitted by law.

(VII) A SCHOOL DISTRICT IS NOT REQUIRED TO SELECT A COMMERCIAL BANK OR DEPOSITORY TRUST COMPANY THAT HAS FULL TRUST POWERS TO ADMINISTER THE SCHOOL DISTRICT'S BOND REDEMPTION FUND IF THE SCHOOL DISTRICT PLACES THE FUNDS IN AN ESCROW ACCOUNT WITH A FINANCIAL INSTITUTION ELIGIBLE TO RECEIVE PUBLIC DEPOSITS, PURSUANT TO ESCROW INSTRUCTIONS WHICH ARE ACCEPTABLE TO THE STATE TREASURER. AT A MINIMUM, THE ESCROW INSTRUCTIONS SHALL INCLUDE PROVISIONS PROHIBITING PAYMENT OR TRANSFER OF THE FUNDS TO THE SCHOOL DISTRICT WITHOUT THE STATE TREASURER'S PRIOR WRITTEN CONSENT.

SECTION 2. 22-40-105 (5), Colorado Revised Statutes, is amended to read:

22-40-105. Depositories. (5) Except as otherwise provided in section 22-45-103 (1) (b) (VI) OR (1) (b) (VII), a third-party custodian selected by a school district shall administer the school district's bond redemption fund as provided in section 22-45-103 (1) (b) (V). Moneys in a school district's bond redemption fund may be invested by the custodian as provided in section 22-45-103 (1) (b) (V).

SECTION 3. Effective date. This act shall take effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution (August 4, 2004, if adjournment sine die is on May 5, 2004); except that, if a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.

Approved: April 13, 2004