

Second Regular Session
Seventieth General Assembly
STATE OF COLORADO

DRAFT
12.21.15

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LLS NO. 16-0827.01 Julie Pelegrin x2700

COMMITTEE BILL

Joint Budget Committee

BILL TOPIC: "Recreating School Finance Contingency Reserve Fund"

A BILL FOR AN ACT

101 **CONCERNING CREATION OF THE CONTINGENCY RESERVE FUND FOR**
102 **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://www.leg.state.co.us/bills/summaries>.)

Joint Budget Committee. Before July 1, 2015, the statutes provided for a contingency reserve fund as a source of supplemental assistance for school districts that demonstrated increased financial need due to circumstances described in the statute. The state board of education reviewed applications for supplemental assistance it received from school districts and approved payments to those districts that could demonstrate

*Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

the existence of the statutorily described circumstances.

The contingency reserve fund was erroneously repealed July 1, 2015. The bill recreates the contingency reserve fund without substantive change.

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

2 **SECTION 1.** In Colorado Revised Statutes, **recreate and**
3 **reenact, with amendments, 22-54-117** as follows:

4 **22-54-117. Contingency reserve - capital construction**
5 **expenditures reserve - fund - lottery proceeds contingency reserve.**

6 (1) (a) FOR THE 2007-08 FISCAL YEAR AND FISCAL YEARS THEREAFTER,
7 THE GENERAL ASSEMBLY SHALL ANNUALLY DETERMINE THE AMOUNT TO
8 APPROPRIATE TO THE CONTINGENCY RESERVE FUND, WHICH IS HEREBY
9 CREATED IN THE STATE TREASURY. IN DECIDING THE AMOUNT TO
10 APPROPRIATE TO THE CONTINGENCY RESERVE FUND, THE GENERAL
11 ASSEMBLY MAY TAKE INTO CONSIDERATION ANY RECOMMENDATIONS
12 MADE BY THE DEPARTMENT OF EDUCATION, BUT NOTHING IN THIS SECTION
13 OBLIGATES THE GENERAL ASSEMBLY TO PROVIDE SUPPLEMENTAL
14 ASSISTANCE TO ALL DISTRICTS THAT ARE FOUND TO BE IN NEED OR TO
15 FULLY FUND THE TOTAL AMOUNT OF SUCH NEED. THE STATE BOARD MAY
16 APPROVE AND ORDER PAYMENTS FROM THE CONTINGENCY RESERVE FUND
17 FOR SUPPLEMENTAL ASSISTANCE TO DISTRICTS DETERMINED TO BE IN NEED
18 AS THE RESULT OF ANY OR ALL OF THE FOLLOWING CIRCUMSTANCES:

19 (I) FINANCIAL EMERGENCIES CAUSED BY AN ACT OF GOD OR
20 ARISING FROM EXTRAORDINARY PROBLEMS IN COLLECTING TAXES;

21 (II) FINANCIAL EMERGENCIES ARISING FROM THE NONPAYMENT OF
22 PROPERTY TAXES PENDING THE OUTCOME OF AN ADMINISTRATIVE APPEAL
23 OR LITIGATION OR BOTH CHALLENGING THE INCLUSION OF THE VALUE OF

1 CERTAIN PROPERTY IN A COUNTY'S ABSTRACT OF ASSESSMENT, WHICH
2 RESULTED FROM A CHANGE IN THE APPLICABLE STATE LAW;

3 (III) THE AMOUNT OF PROPERTY TAX LEVIED AND COLLECTED
4 PURSUANT TO SECTION 39-10-114, C.R.S., IS INSUFFICIENT FOR THE
5 PURPOSE OF MAKING ABATEMENTS AND REFUNDS OF PROPERTY TAXES
6 THAT THE DISTRICT IS REQUIRED TO MAKE PURSUANT TO THAT SECTION;

7 (IV) A CONTINGENCY THAT COULD NOT HAVE BEEN REASONABLY
8 FORESEEN WHEN THE DISTRICT ADOPTED THE ANNUAL BUDGET, INCLUDING
9 BUT NOT LIMITED TO REDUCTIONS IN VALUATION OF THE DISTRICT IN
10 EXCESS OF TWENTY PERCENT AS DESCRIBED IN SECTION 39-10-114 (1) (a)
11 (I) (B.5), C.R.S.;

12 (V) UNUSUAL FINANCIAL BURDEN CAUSED BY THE INSTRUCTION
13 OF CHILDREN WHO FORMERLY RESIDED OUTSIDE THE DISTRICT BUT ARE
14 ASSIGNED TO LIVE WITHIN THE DISTRICT BY COURTS OR PUBLIC WELFARE
15 AGENCIES. SUPPLEMENTAL ASSISTANCE UNDER THIS CIRCUMSTANCE MUST
16 NOT EXCEED THE ADDITIONAL COST FOR CURRENT OPERATIONS THAT THE
17 DISTRICT INCURS AS A RESULT OF THIS CIRCUMSTANCE.

18 (VI) UNUSUAL FINANCIAL BURDEN CAUSED BY THE INSTRUCTION
19 OF CHILDREN WHO MOVE INTO THE DISTRICT AFTER THE PUPIL
20 ENROLLMENT COUNT DATE. SUPPLEMENTAL ASSISTANCE UNDER THIS
21 CIRCUMSTANCE MUST NOT EXCEED THE ADDITIONAL COST THAT THE
22 DISTRICT INCURS DUE TO THE INCREASE IN PUPIL ENROLLMENT. THE
23 PROVISIONS OF THIS SUBPARAGRAPH (VI) ARE AVAILABLE ONLY TO
24 DISTRICTS WITH A FUNDED PUPIL COUNT OF TWO THOUSAND PUPILS OR
25 FEWER.

26 (VII) UNUSUAL FINANCIAL BURDEN CAUSED BY A SIGNIFICANT
27 DECLINE IN PUPIL ENROLLMENT AS A RESULT OF DETACHMENT AND

1 ANNEXATION PURSUANT TO A REORGANIZATION PLAN APPROVED
2 PURSUANT TO ARTICLE 30 OF THIS TITLE.

3 (b) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (a) OF
4 THIS SUBSECTION (1) CONCERNING CIRCUMSTANCES UNDER WHICH THE
5 STATE BOARD MAY APPROVE AND ORDER PAYMENTS FROM THE
6 CONTINGENCY RESERVE FUND, THE BOARD MAY, IN CASES OF EXTREME
7 EMERGENCY, TAKE INTO CONSIDERATION SUCH OTHER FACTORS AS IT MAY
8 DEEM NECESSARY AND PROPER IN GRANTING SUPPLEMENTAL ASSISTANCE
9 FROM THE CONTINGENCY RESERVE FUND TO THOSE DISTRICTS THAT CAN
10 NOT MAINTAIN THEIR SCHOOLS WITHOUT ADDITIONAL FINANCIAL
11 ASSISTANCE.

12 (c) (I) IF THE STATE BOARD MAKES A PAYMENT OF SUPPLEMENTAL
13 ASSISTANCE BASED ON THE CIRCUMSTANCES DESCRIBED IN
14 SUBPARAGRAPH (II) OF PARAGRAPH (a) OF THIS SUBSECTION (1) AND THE
15 DISPUTED PROPERTY IS FINALLY DETERMINED TO HAVE BEEN PROPERLY
16 INCLUDED IN THE ABSTRACT OF ASSESSMENT, THE DISTRICT, AFTER
17 COLLECTING THE TAXES, SHALL REIMBURSE THE FULL AMOUNT OF THE
18 PAYMENT TO THE CONTINGENCY RESERVE FUND, PLUS INTEREST AT THE
19 SAME RATE AS PROVIDED BY STATUTE FOR PENALTY INTEREST ON UNPAID
20 PROPERTY TAXES.

21 (II) NOTWITHSTANDING THE PROVISIONS OF SUBPARAGRAPH (I) OF
22 THIS PARAGRAPH (c), ANY REIMBURSEMENT BY A DISTRICT OF A PAYMENT
23 FOR SUPPLEMENTAL ASSISTANCE MADE PURSUANT TO THIS SUBSECTION (1)
24 SHALL BE CREDITED TO THE CONTINGENCY RESERVE FUND.

25 (2) A DISTRICT THAT APPLIES FOR SUPPLEMENTAL ASSISTANCE
26 PURSUANT TO SUBSECTION (1) OF THIS SECTION SHALL FULLY SET FORTH
27 IN THE APPLICATION THE GROUNDS UPON WHICH THE DISTRICT RELIES FOR

1 ASSISTANCE. THE PRESIDENT AND THE SECRETARY OF THE DISTRICT BOARD
2 OF EDUCATION SHALL SWEAR UNDER OATH TO THE APPLICATION
3 CONTENTS.

4 (3) THE STATE BOARD SHALL INVESTIGATE EACH APPLICATION FOR
5 SUPPLEMENTAL ASSISTANCE TO THE EXTENT IT DEEMS NECESSARY. IF THE
6 STATE BOARD FINDS THAT THE APPLICATION SHOULD BE APPROVED, IT
7 SHALL DETERMINE THE AMOUNT OF SUPPLEMENTAL ASSISTANCE TO BE
8 PAID. IN DETERMINING WHICH DISTRICTS RECEIVE SUPPLEMENTAL
9 ASSISTANCE PURSUANT TO THIS SECTION AND THE AMOUNT OF THE
10 ASSISTANCE, THE STATE BOARD SHALL CONSIDER THE AMOUNT OF THE
11 SUPPLEMENTAL ASSISTANCE REQUESTED BY THE DISTRICT AS A
12 PERCENTAGE OF THE DISTRICT'S TOTAL PROGRAM. BY ORDER UPON THE
13 STATE TREASURER, THE STATE BOARD SHALL DIRECT PAYMENT FROM THE
14 CONTINGENCY RESERVE FUND OF THE APPROVED AMOUNT TO THE
15 TREASURER OF THE RECEIVING DISTRICT FOR CREDIT TO THE GENERAL
16 FUND OF THE DISTRICT.

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