

**Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 26-0140.05 Pierce Lively x2059

SENATE BILL 26-135

SENATE SPONSORSHIP

Bridges and Kipp, Amabile, Benavidez, Coleman, Cutter, Danielson, Daugherty, Exum, Gonzales J., Hinrichsen, Jodeh, Kolker, Lindstedt, Marchman, Mullica, Rodriguez, Snyder, Sullivan, Weissman

HOUSE SPONSORSHIP

Bacon and Lukens, Boesenecker, Camacho, Carter, Duran, Goldstein, Hamrick, Joseph, Lieder, Lindsay, Martinez, McCormick, Nguyen, Paschal, Phillips, Rydin, Smith, Stewart R., Titone, Velasco, Willford

Senate Committees

Finance
Appropriations

House Committees

A BILL FOR AN ACT

101 **CONCERNING STATE PUBLIC EDUCATION K-12 FUNDING, AND, IN**
102 **CONNECTION THEREWITH, INCREASING APPROPRIATIONS FOR**
103 **STATE PUBLIC EDUCATION K-12 BY UP TO TWO PERCENT FOR**
104 **TEN YEARS, USING THE INCREASED APPROPRIATIONS FOR**
105 **DISTRICT SCHOOL FINANCING FACTOR FUNDING, ALLOWING THE**
106 **STATE TO RETAIN AN AMOUNT OF STATE REVENUE IN EXCESS OF**
107 **THE LIMITATION ON STATE FISCAL YEAR SPENDING EQUAL TO**
108 **STATE PUBLIC K-12 EDUCATION FUNDING, AND SUBMITTING A**
109 **BALLOT QUESTION TO THE REGISTERED ELECTORS OF THE**
110 **STATE.**

Bill Summary

(Note: This summary applies to this bill as introduced and does

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

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 requires the secretary of state to refer a ballot issue at the November 2026 general election to seek voter approval for the state to retain and spend an amount of state revenue equal to the amount of state public K-12 education funding in excess of the limitation on state fiscal year spending and to increase state public K-12 education funding by up to 2% for 10 years.

The bill directs legislative council staff to determine the amount of state public K-12 education funding and describes how legislative council staff will make that determination.

The bill creates a positive factor to provide additional funding for each district. A positive factor is equal to the lesser of 2% of statewide total program funding for the 2026-27 budget year multiplied by a district's total program as a percentage of the statewide total program or the amount that the state is authorized to retain and spend that would otherwise have been in excess of the limitation on state fiscal year spending multiplied by a district's total program as a percentage of the statewide total program. A district may only use its positive factor funding for increasing teacher pay, improving teacher retention, lowering class sizes, and increasing access to career and technical courses.

The bill creates the excess state revenues account (account) within the general fund. The account consists of an amount of money equal to the amount of state revenues in excess of the excess state revenues cap that the state retains for a given fiscal year pursuant to voter approval of the bill. Money in the account must first be spent for paying districts their positive factor and only after that may be spent for any other purpose.

The bill directs the state auditor to conduct and publish, for each state fiscal year that the state retains and spends state revenues in excess of the limitation on state fiscal year spending, a legislative report. That report must include descriptions of:

- The amount of state revenues that the state retained and spent that would otherwise have been in excess of the limitation on state fiscal year spending; and
- How the state revenues that the state retained and spent that would otherwise have been in excess of the limitation on state fiscal year spending were expended.

Lastly, the bill makes conforming amendments to ensure that voter approval of the bill does not impact the expanded earned income tax credit, the family affordability tax credit, or the affordable housing financing fund.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds and declares that:

4 (a) Public education is the bedrock of Colorado's democracy,
5 fundamental to individual opportunity, the underpinning of thriving
6 communities, and the key to Colorado's economic prosperity and future;

7 (b) Wise and adequate investment in Colorado's schools is
8 essential to maintaining and improving the competitiveness of Colorado
9 and its students;

10 (c) The money invested in Colorado's public schools has a return
11 on investment that has long been recognized as among the nation's
12 highest;

13 (d) An increase in the rates of K-12 graduation, the earning of
14 industry certifications, and the earning of associates degrees demonstrate
15 the effectiveness of Colorado's investment in public schools;

16 (e) Research demonstrates that increasing school funding results
17 in long-term increases in graduation rates and lifetime wages, prevents
18 crime, and lowers incarceration rates;

19 (f) Educators and support staff in every school district and charter
20 school across Colorado make invaluable contributions to their schools,
21 districts, and communities by dedicating their time, talents, and
22 out-of-pocket money to their students, despite Colorado ranking near the
23 bottom of starting teacher pay and having the largest teacher pay penalty
24 in the nation;

25 (g) Teachers, counselors, para professionals, bus drivers, and
26 essential support staff are leaving their professions because salaries

1 haven't kept up with housing, healthcare, and cost of living;

2 (h) Students are learning in overcrowded classrooms and in
3 schools with fewer mental health counselors, opportunities for special
4 education support, and programs that support their ability to develop into
5 healthy, productive adults;

6 (i) Working class, multilingual, and rural communities are hit
7 hardest by chronic school underfunding;

8 (j) In January 2025, the legislature received the reports and
9 recommendation of the two commissioned adequacy studies: "Equity and
10 Adequacy of Colorado School Funding - A Cost-Modeling Approach",
11 by the American institutes for research, and "Colorado Input-Based
12 Financial Adequacy Study Report", by Augenblick, Palaich and
13 Associates, Inc;

14 (k) The adequacy studies found that, were Colorado schools
15 funded fully and fairly, every student would have the individual attention
16 they need from teachers, counselors, health professionals, tutors, and
17 support staff to succeed and thrive; every teacher would have a
18 reasonable workload, professional development and coaching, and a
19 salary that would allow them to live where they work; and every
20 community would enjoy the benefit of vibrant public schools, a
21 high-quality workforce, and an engaged citizenry;

22 (l) Colorado's fiscal constraints and potential of federal funding
23 cuts to education, medicaid, nutrition, human services, and other critical
24 programs threaten the sustainability and adequacy of school funding in
25 Colorado and to deplete the state education fund; and

26 (m) Therefore, it is in the best interest of educators, students, and
27 their families to allow voters to invest further in public education by

1 modernizing the state's ability to retain and spend revenue to meet the
2 needs of Colorado communities and to ensure that state investment in
3 K-12 public education is increased by two percent for at least ten years
4 through the funding of a positive factor.

5 **SECTION 2.** In Colorado Revised Statutes, 22-54-103.3, **amend**
6 **(3)(c); and add (3)(d), (3)(e), and (3)(f) as follows:**

7 **22-54-103.3. District total program - 2025-26 through 2030-31**
8 **budget years - definitions - repeal.**

9 (3) (c) For the 2027-28 budget year through the 2030-31 budget
10 year, a district's total program is the greater of the district's total program
11 calculation pursuant to section 22-54-104 plus one percent of the district's
12 total program calculation pursuant to section 22-54-104, or:

13 (I) For the 2027-28 budget year, the amount calculated pursuant
14 to section 22-54-104 plus an amount equal to ~~forty-five percent~~ THE FINAL
15 PHASE-IN PERCENTAGE of the difference between the district's total
16 program calculation pursuant to section 22-54-103.5 and the district's
17 total program calculation pursuant to section 22-54-104;

18 (II) For the 2028-29 budget year, the amount calculated pursuant
19 to section 22-54-104 plus an amount equal to ~~sixty percent~~ THE FINAL
20 PHASE-IN PERCENTAGE of the difference between the district's total
21 program calculation pursuant to section 22-54-103.5 and the district's
22 total program calculation pursuant to section 22-54-104;

23 (III) For the 2029-30 budget year, the amount calculated pursuant
24 to section 22-54-104 plus an amount equal to ~~seventy-five percent~~ THE
25 FINAL PHASE-IN PERCENTAGE of the difference between the district's total
26 program calculation pursuant to section 22-54-103.5 and the district's
27 total program calculation pursuant to section 22-54-104; and

1 (IV) For the 2030-31 budget year, the amount calculated pursuant
2 to section 22-54-104 plus an amount equal to ninety percent of THE FINAL
3 PHASE-IN PERCENTAGE the difference between the district's total program
4 calculation pursuant to section 22-54-103.5 and the district's total
5 program calculation pursuant to section 22-54-104.

6 (d) AS USED IN THIS SUBSECTION (3), UNLESS THE CONTEXT
7 OTHERWISE REQUIRES:

8 (I) "BASE PHASE-IN PERCENTAGE" MEANS A PERCENTAGE EQUAL
9 TO:

10 (A) FOR BUDGET YEAR 2027-28, FORTY-FIVE PERCENT;

11 (B) FOR BUDGET YEAR 2028-29, SIXTY PERCENT;

12 (C) FOR BUDGET YEAR 2029-30, SEVENTY-FIVE PERCENT;

13 (D) FOR BUDGET YEAR 2030-31, NINETY PERCENT; AND

14 (E) FOR BUDGET YEAR 2031-32, AND EACH BUDGET YEAR
15 THEREAFTER, ONE HUNDRED PERCENT.

16 (II) "POSITIVE FACTOR ACCELERATION PERCENTAGE" MEANS A
17 PERCENTAGE EQUAL TO THE LESSER OF:

18 (A) THE TWO PERCENT K-12 PUBLIC EDUCATION INCREASE FOR
19 THE APPLICABLE BUDGET YEAR, DIVIDED BY THE DIFFERENCE BETWEEN
20 STATEWIDE TOTAL PROGRAM CALCULATED PURSUANT TO SECTION
21 22-54-103.5 FOR THE APPLICABLE BUDGET YEAR AND STATEWIDE TOTAL
22 PROGRAM CALCULATED PURSUANT TO SECTION 22-54-104 FOR THE
23 APPLICABLE BUDGET YEAR; OR

24 (B) THE DIFFERENCE BETWEEN ONE HUNDRED PERCENT AND THE
25 BASE PHASE-IN PERCENTAGE FOR THE APPLICABLE BUDGET YEAR.

26 (III) "FINAL PHASE-IN PERCENTAGE" MEANS A PERCENTAGE EQUAL
27 TO THE SUM OF:

1 (A) THE BASE PHASE-IN PERCENTAGE FOR THE APPLICABLE
2 BUDGET YEAR; PLUS

3 (B) THE POSITIVE FACTOR ACCELERATION PERCENTAGE FOR THE
4 APPLICABLE BUDGET YEAR.

5 (e) A DISTRICT'S POSITIVE FACTOR ACCELERATION PERCENTAGE IS
6 AVAILABLE TO A DISTRICT TO FUND:

7 (I) INCREASING TEACHER PAY;

8 (II) IMPROVING TEACHER RETENTION;

9 (III) LOWERING CLASS SIZES; AND

10 (IV) INCREASING ACCESS TO CAREER AND TECHNICAL COURSES.

11 (f) LEGISLATIVE COUNCIL STAFF SHALL ANNUALLY PROJECT A
12 BUDGET YEAR'S POSITIVE FACTOR ACCELERATION PERCENTAGE AS SOON
13 AS PRACTICABLE BASED UPON THE MARCH REVENUE FORECAST RELIED ON
14 BY THE GENERAL ASSEMBLY IN SETTING THE BUDGET FOR THE NEXT STATE
15 FISCAL YEAR.

16 **SECTION 3.** In Colorado Revised Statutes, **add** 22-54-103.7 as
17 follows:

18 **22-54-103.7. Positive factor - positive factor education**
19 **investment amount - definitions.**

20 (1) AS USED IN THIS SECTION AND SECTION 24-54-103.3 (3),
21 UNLESS THE CONTEXT OTHERWISE REQUIRES:

22 (a) "DEFERRED POSITIVE FACTOR PAYMENT" MEANS AN AMOUNT
23 EQUAL TO THE DIFFERENCE BETWEEN:

24 (I) THE TOTAL OF THE POSITIVE FACTOR FOR EACH BUDGET YEAR
25 COMMENCING ON AND AFTER JULY 1, 2027, AND BEFORE THE EARLIER OF
26 THE CURRENT BUDGET YEAR OR THE 2035-36 BUDGET YEAR; AND

27 (II) THE TOTAL OF THE:

1 (A) POSITIVE FACTOR EDUCATION AMOUNT PAID TO ALL DISTRICTS
2 PURSUANT TO SECTION 24-77-302 (2)(b) FOR EACH BUDGET YEAR
3 COMMENCING ON AND AFTER JULY 1, 2027, AND THROUGH THE
4 IMMEDIATELY PRECEDING BUDGET YEAR; AND

5 (B) THE POSITIVE FACTOR ACCELERATION AMOUNT PAID TO ALL
6 DISTRICTS PURSUANT TO SECTION 24-54-103.3 FOR EACH BUDGET YEAR
7 COMMENCING ON AND AFTER JULY 1, 2027, AND THROUGH THE
8 IMMEDIATELY PRECEDING BUDGET YEAR.

9 (b) "NEW FORMULA DISTRICT TOTAL PROGRAM CALCULATION"
10 MEANS A DISTRICT'S TOTAL PROGRAM FOR THE APPLICABLE BUDGET YEAR
11 AS CALCULATED PURSUANT TO THE DISTRICT TOTAL PROGRAM FORMULA
12 IN SECTION 22-54-103.5. THE TERM DOES NOT INCLUDE ANY ADJUSTMENTS
13 REQUIRED PURSUANT TO SECTION 22-54-103.3 WHEN DETERMINING A
14 DISTRICT'S TOTAL PROGRAM FOR THE 2027-28 BUDGET YEAR THROUGH
15 THE 2030-31 BUDGET YEAR.

16 (c) "NEW FORMULA STATEWIDE TOTAL PROGRAM CALCULATION"
17 MEANS THE DISTRICT TOTAL PROGRAM FOR ALL DISTRICTS FOR THE
18 APPLICABLE BUDGET YEAR AS CALCULATED PURSUANT TO THE DISTRICT
19 TOTAL PROGRAM FORMULA IN SECTION 22-54-103.5. THE TERM DOES NOT
20 INCLUDE ANY ADJUSTMENTS REQUIRED PURSUANT TO SECTION
21 22-54-103.3 WHEN DETERMINING A DISTRICT'S TOTAL PROGRAM FOR THE
22 2027-28 BUDGET YEAR THROUGH THE 2030-31 BUDGET YEAR.

23 (d) "POSITIVE FACTOR" MEANS:

24 (I) FOR THE 2027-28 BUDGET YEAR, THE SUM OF:

25 (A) TWO PERCENT OF PROGRAM FOUNDATION CALCULATED FOR
26 THE 2025-26 BUDGET YEAR; AND

27 (B) TWO PERCENT OF PROGRAM FOUNDATION CALCULATED FOR

1 THE 2026-27 BUDGET YEAR;
2 (II) FOR THE 2028-29 BUDGET YEAR THROUGH THE 2035-36
3 BUDGET YEAR, THE SUM OF:
4 (A) TWO PERCENT OF PROGRAM FOUNDATION FOR THE
5 IMMEDIATELY PRECEDING BUDGET YEAR;
6 (B) THE POSITIVE FACTOR FOR THE IMMEDIATELY PRECEDING
7 BUDGET YEAR; AND
8 (III) FOR THE 2036-37 BUDGET YEAR AND EACH BUDGET YEAR
9 THEREAFTER:
10 (A) TWO PERCENT OF PROGRAM FOUNDATION FOR THE 2035-36
11 BUDGET YEAR;
12 (B) THE POSITIVE FACTOR FOR THE 2035-36 BUDGET YEAR.
13 (e) "POSITIVE FACTOR ACCELERATION AMOUNT" MEANS THE
14 AMOUNT OF THE POSITIVE FACTOR FOR A BUDGET YEAR EXPENDED TO
15 FUND THE POSITIVE FACTOR ACCELERATION PERCENTAGE, AS DEFINED IN
16 SECTION 22-54-103.3 (3)(d), PURSUANT TO SECTION 24-54-103.3 (3).
17 (f) "POSITIVE FACTOR EDUCATION INVESTMENT AMOUNT" MEANS
18 AN AMOUNT OF THE POSITIVE FACTOR FOR A BUDGET YEAR EQUAL TO THE
19 DIFFERENCE BETWEEN THE POSITIVE FACTOR FOR THAT BUDGET YEAR AND
20 THE POSITIVE FACTOR ACCELERATION AMOUNT FOR THAT BUDGET YEAR.
21 (g) "PROGRAM FOUNDATION" MEANS:
22 (I) FOR BUDGET YEARS BEFORE TOTAL PROGRAM IS DETERMINED
23 PURSUANT TO SECTION 22-54-103.5, AN AMOUNT EQUAL TO STATE SHARE
24 OF TOTAL PROGRAM; AND
25 (II) FOR BUDGET YEARS WHEN TOTAL PROGRAM IS DETERMINED
26 PURSUANT TO SECTION 22-54-103.5, AN AMOUNT EQUAL TO NEW FORMULA
27 STATEWIDE TOTAL PROGRAM CALCULATION.

1 (h) "STATE SHARE OF TOTAL PROGRAM" MEANS AN AMOUNT
2 EQUAL TO THE TOTAL OF THE STATE'S SHARE OF EACH SCHOOL DISTRICT'S
3 TOTAL PROGRAM, AS DEFINED IN SECTION 22-55-102 (18).

4 (i) "TWO PERCENT K-12 PUBLIC EDUCATION INCREASE" MEANS AN
5 AMOUNT EQUAL TO THE LESSER OF:

6 (I) (A) THE POSITIVE FACTOR FOR THE CURRENT BUDGET YEAR;

7 (B) PLUS THE DEFERRED POSITIVE FACTOR AMOUNT FOR THE
8 CURRENT BUDGET YEAR; OR

9 (II) THE AMOUNT THAT THE STATE IS AUTHORIZED TO RETAIN AND
10 SPEND PURSUANT TO VOTER APPROVAL OF THE BALLOT MEASURE
11 INCLUDED IN SECTION 24-77-302 FOR THE BUDGET YEAR MINUS AN
12 AMOUNT EQUAL TO THE TOTAL DOLLAR AMOUNTS OF WARRANTS ISSUED
13 BY THE STATE TREASURER PURSUANT TO SECTION 39-3-207 (4) IN THE
14 CURRENT FISCAL YEAR.

15 (2) FOR THE 2027-28 BUDGET YEAR AND EACH BUDGET YEAR
16 THEREAFTER, A DISTRICT'S POSITIVE FACTOR EDUCATION INVESTMENT
17 AMOUNT IS EQUAL TO:

18 (NEW FORMULA DISTRICT TOTAL PROGRAM CALCULATION / NEW
19 FORMULA STATEWIDE TOTAL PROGRAM CALCULATION) X (THE TWO
20 PERCENT K-12 PUBLIC EDUCATION INCREASE MINUS THE POSITIVE FACTOR
21 ACCELERATION AMOUNT).

22 (3) FOR THE 2027-28 BUDGET YEAR AND EVERY BUDGET YEAR
23 THEREAFTER, THE DEPARTMENT OF EDUCATION SHALL ANNUALLY
24 CALCULATE EACH DISTRICT'S NEW FORMULA DISTRICT TOTAL PROGRAM
25 CALCULATION AND THE NEW FORMULA STATEWIDE TOTAL PROGRAM
26 CALCULATION.

27 (4) FOR THE 2027-28 BUDGET YEAR AND EVERY BUDGET YEAR

1 THEREAFTER, THE DEPARTMENT OF EDUCATION AND THE STAFF OF THE
2 LEGISLATIVE COUNCIL SHALL ANNUALLY DETERMINE EACH DISTRICT'S
3 SCHOOL POSITIVE FACTOR EDUCATION INVESTMENT AMOUNT BASED ON
4 BUDGET PROJECTIONS; EXCEPT THAT THE DEPARTMENT OF EDUCATION
5 AND THE STAFF OF THE LEGISLATIVE COUNCIL SHALL MAKE MID-YEAR
6 REVISIONS TO REPLACE PROJECTIONS WITH ACTUAL FIGURES TO
7 DETERMINE ANY NECESSARY CHANGES IN THE AMOUNT TO MAINTAIN
8 POSITIVE FACTOR EDUCATION INVESTMENT AMOUNT FOR THE APPLICABLE
9 BUDGET YEAR.

10 (5) A DISTRICT'S SCHOOL POSITIVE FACTOR EDUCATION
11 INVESTMENT AMOUNT IS IN ADDITION TO, BUT IS NOT INCLUDED IN, THE
12 DISTRICT'S TOTAL PROGRAM DETERMINED PURSUANT TO THIS ARTICLE 54.
13 THE POSITIVE FACTOR EDUCATION INVESTMENT AMOUNTS MUST BE
14 DISTRIBUTED IN THE SAME FORM AND MANNER IN WHICH PAYMENTS OF
15 TOTAL PROGRAM ARE DISTRIBUTED UNDER LAW TO ALL PUBLIC SCHOOLS.

16 ==

17 (6) A DISTRICT'S POSITIVE FACTOR EDUCATION INVESTMENT
18 AMOUNT IS AVAILABLE TO A DISTRICT TO FUND:

- 19 (a) INCREASING TEACHER PAY;
- 20 (b) IMPROVING TEACHER RETENTION;
- 21 (c) LOWERING CLASS SIZES; AND
- 22 (d) INCREASING ACCESS TO CAREER AND TECHNICAL COURSES.

23 ==

24 **SECTION 4.** In Colorado Revised Statutes, **add** part 3 to article
25 77 of title 24 as follows:

26 PART 3
27 SUBMISSION OF BALLOT ISSUE

1 VOTER-APPROVED REVENUE CHANGE

2 **24-77-301. Definitions.**

3 AS USED IN THIS PART 3, UNLESS THE CONTEXT OTHERWISE
4 REQUIRES:

5 (1) "DISTRICT" HAS THE MEANING SET FORTH IN SECTION
6 22-54-103 (5).

7 (2) "EXCESS STATE REVENUES ACCOUNT" OR "ACCOUNT" MEANS
8 THE EXCESS STATE REVENUES ACCOUNT CREATED IN SECTION 24-77-302
9 (2).

10 ==
11 (3) "STATE PUBLIC EDUCATION FUNDING" MEANS THE AMOUNT
12 DETERMINED BY LEGISLATIVE COUNCIL STAFF PURSUANT TO SECTION
13 24-77-303 (1).

14 (4) "STATE REVENUES" MEANS STATE FISCAL YEAR SPENDING, AS
15 DEFINED IN SECTION 24-77-102 (17).

16 (5) "TWO PERCENT K-12 PUBLIC EDUCATION INCREASE" HAS THE
17 MEANING SET FORTH IN SECTION 22-54-103.7 (1)(i).

18 **24-77-302. Retention of excess state revenues - excess state**
19 **revenues account - definitions.**

20 (1) FOR STATE FISCAL YEARS COMMENCING ON OR AFTER JULY 1,
21 2026, THE STATE MAY RETAIN AND SPEND STATE REVENUES THAT THE
22 STATE OTHERWISE WOULD HAVE BEEN REQUIRED TO REFUND UNDER
23 SECTION 20 (7)(d) OF ARTICLE X OF THE STATE CONSTITUTION IN AN
24 AMOUNT EQUAL TO THE STATE PUBLIC EDUCATION FUNDING FOR THE
25 STATE FISCAL YEAR.

26 (2) (a) THERE IS HEREBY CREATED IN THE GENERAL FUND THE
27 EXCESS STATE REVENUES ACCOUNT. THE STATE TREASURER SHALL CREDIT

1 TO THE ACCOUNT AN AMOUNT EQUAL TO THE AMOUNT THAT THE STATE
2 RETAINS IN A FISCAL YEAR PURSUANT TO SUBSECTION (1) OF THIS SECTION
3 MINUS AN AMOUNT EQUAL TO THE TOTAL DOLLAR AMOUNT OF WARRANTS
4 ISSUED BY THE STATE TREASURER PURSUANT TO SECTION 39-3-207 (4) IN
5 THE IMMEDIATELY FOLLOWING FISCAL YEAR.

6 (b) FOR EACH STATE FISCAL YEAR BEGINNING ON OR AFTER JULY
7 1, 2027, FROM THE MONEY IN THE EXCESS STATE REVENUES ACCOUNT
8 THAT IS RETAINED FOR A PRECEDING STATE FISCAL YEAR PURSUANT TO
9 SUBSECTION (1) OF THIS SECTION AND DEPOSITED IN THE ACCOUNT
10 PURSUANT TO SUBSECTION (2)(a) OF THIS SECTION, THE GENERAL
11 ASSEMBLY:

12 (I) SHALL TRANSFER OR APPROPRIATE TO THE DEPARTMENT OF
13 EDUCATION AN AMOUNT EQUAL TO THE TWO PERCENT K-12 PUBLIC
14 EDUCATION INCREASE FOR THE CURRENT STATE FISCAL YEAR AND THE
15 DEPARTMENT OF EDUCATION SHALL DISTRIBUTE THAT AMOUNT IN
16 ACCORDANCE WITH SECTION 22-54-103.3 AND SECTION 22-54-107.7; AND

17 (II) AFTER MAKING THE APPROPRIATIONS OR TRANSFERS REQUIRED
18 BY SUBSECTION (2)(b)(I) OF THIS SECTION FOR A STATE FISCAL YEAR, MAY
19 APPROPRIATE OR TRANSFER THE MONEY FOR ANY OTHER PURPOSE. _____

20 (3) THE APPROVAL OF THE BALLOT MEASURE INCLUDING THIS
21 SECTION BY A MAJORITY OF THE ELECTORS VOTING ON THE BALLOT ISSUE
22 CONSTITUTES A VOTER-APPROVED REVENUE CHANGE TO ALLOW THE
23 RETENTION AND EXPENDITURE OF THE ADDITIONAL STATE REVENUES THAT
24 THE STATE IS AUTHORIZED TO RETAIN AND SPEND PURSUANT TO
25 SUBSECTION (1) OF THIS SECTION.

26 (4) THIS SECTION DOES NOT AFFECT THE AMOUNT THAT THE STATE
27 IS PERMITTED TO RETAIN AND SPEND UNDER THE EXCESS STATE REVENUES

1 CAP.

2 **24-77-303. Determination of state public education funding.**

3 (1) ON OR AFTER JULY 1, 2026, BUT BEFORE AUGUST 1, 2026, AND
4 ON OR AFTER EACH JULY 1 AND BEFORE EACH AUGUST 1 THEREAFTER,
5 LEGISLATIVE COUNCIL STAFF SHALL DETERMINE AND REPORT TO THE
6 STATE CONTROLLER, THE OFFICE OF STATE PLANNING AND BUDGETING,
7 AND THE JOINT BUDGET COMMITTEE, THE GREATEST TOTAL AMOUNT IN A
8 PRECEDING STATE FISCAL YEAR THAT HAS BEEN COUNTED AS STATE FISCAL
9 YEAR SPENDING AND APPROPRIATED BY THE GENERAL ASSEMBLY FOR A
10 PRECEDING STATE FISCAL YEAR FOR CATEGORICAL PROGRAMS AND THE
11 STATE SHARE OF TOTAL PROGRAM AND THE AMOUNT OF THE TWO PERCENT
12 K-12 PUBLIC EDUCATION INCREASE FOR THE SAME STATE FISCAL YEAR.
13 THE AMOUNT DETERMINED AND REPORTED BY LEGISLATIVE COUNCIL
14 STAFF PURSUANT TO THIS SUBSECTION (1) IS THE STATE PUBLIC
15 EDUCATION FUNDING FOR THAT STATE FISCAL YEAR.

16 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
17 REQUIRES:

18 (a) "CATEGORICAL PROGRAMS" HAS THE SAME MEANING AS SET
19 FORTH IN SECTION 22-55-102 (4).

20 (b) "STATE SHARE OF TOTAL PROGRAM" MEANS AN AMOUNT
21 EQUAL TO THE TOTAL OF THE STATE'S SHARE OF EACH SCHOOL DISTRICT'S
22 TOTAL PROGRAM, AS DEFINED IN SECTION 22-55-102 (18).

23 **24-77-304. Excess state revenues expenditure independent**
24 **audit.**

25 (1) FOR EACH STATE FISCAL YEAR THAT THE STATE RETAINS
26 AND SPENDS STATE REVENUES IN EXCESS OF THE LIMITATION ON STATE
27 FISCAL YEAR SPENDING PURSUANT TO THIS PART 3, THE STATE AUDITOR

1 SHALL REPORT ON EXCESS STATE REVENUES INCLUDING THE FOLLOWING
2 INFORMATION:

3 (a) THE AMOUNT OF STATE REVENUES THAT THE STATE RETAINED
4 AND SPENT IN EXCESS OF THE LIMITATION ON STATE FISCAL YEAR
5 SPENDING PURSUANT TO THIS PART 3; AND

6 (b) A DESCRIPTION OF HOW THE STATE EXPENDED FROM THE
7 ACCOUNT THE STATE REVENUES THAT THE STATE RETAINED AND SPENT IN
8 EXCESS OF THE LIMITATION ON STATE FISCAL YEAR SPENDING PURSUANT
9 TO THIS PART 3.

10 (2) THE STATE AUDITOR SHALL COMPLETE THE REPORTING
11 REQUIRED BY SUBSECTION (1)(a) OF THIS SECTION AT THE SAME TIME THAT
12 THE STATE AUDITOR COMPLETES THE REPORT REQUIRED PURSUANT TO
13 SECTION 2-3-103 (2) FOLLOWING A FISCAL YEAR IN WHICH THE STATE
14 RETAINS AND SPENDS STATE REVENUES IN EXCESS OF THE LIMITATION ON
15 STATE FISCAL YEAR SPENDING PURSUANT TO THIS PART 3 AND MAY AMEND
16 THE REPORT THEREAFTER AS NECESSARY.

17 ==
18 **SECTION 5. In Colorado Revised Statutes, 22-44-304, add**
19 **(1)(g) as follows:**

20 **22-44-304. Financial reporting - online access to information**
21 **- definitions.**

22 (1) (g) (I) ADDITIONALLY, COMMENCING ON JULY 1, 2027, EACH
23 LOCAL EDUCATION PROVIDER, AS DEFINED IN SECTION 22-54-202, SHALL
24 POST IN A FORMAT THAT CAN BE DOWNLOADED AND SORTED, FOR FREE
25 PUBLIC ACCESS, THE LOCAL EDUCATION PROVIDER'S ACTUAL
26 EXPENDITURES OF ANY POSITIVE FACTOR ACCELERATION AMOUNT
27 RECEIVED PURSUANT TO SECTION 22-54-103.3 AND ANY POSITIVE FACTOR

1 EDUCATION INVESTMENT AMOUNT RECEIVED PURSUANT TO SECTION
2 22-54-103.7.

3 (II) AS USED IN THIS SUBSECTION (1)(g), UNLESS THE CONTEXT
4 OTHERWISE REQUIRES:

5 (A) "POSITIVE FACTOR ACCELERATION AMOUNT" HAS THE
6 MEANING SET FORTH IN SECTION 22-54-103.7 (1)(e).

7 (B) "POSITIVE FACTOR EDUCATION INVESTMENT AMOUNT" HAS
8 THE MEANING SET FORTH IN SECTION 22-54-103.7 (1)(f).

9 **SECTION 6.** In Colorado Revised Statutes, 24-77-106.5, **amend**
10 (1)(b) as follows:

11 **24-77-106.5. Annual financial report - certification of excess**
12 **state revenues.**

13 (1) (b) Notwithstanding section 24-1-136 (11)(a)(I), based upon
14 the financial report prepared in accordance with subsection (1)(a) of this
15 section for any given fiscal year, the controller shall certify to the
16 governor, the general assembly, and the executive director of the
17 department of revenue no later than September 1 following the end of a
18 fiscal year the amount of state revenues in excess of the limitation on
19 state fiscal year spending imposed by section 20 (7)(a) of article X of the
20 state constitution, if any, for such fiscal year and the state revenues in
21 excess of such limitation that the state is authorized to retain and spend
22 pursuant to voter approval of section 24-77-103.6 AND PART 3 OF THIS
23 ARTICLE 77.

24 **SECTION 7.** In Colorado Revised Statutes, 29-32-104, **amend**
25 (5) as follows:

26 **29-32-104. Permissible expenditures - affordable housing**
27 **programs - report - definitions.**

1 (5) If the Legislative Council Staff's March Economic and
2 Revenue Forecast in any given year projects revenue for the next state
3 fiscal year will fall below the revenue limit imposed under section 20 of
4 article X of the state constitution BY AN AMOUNT GREATER THAN THE
5 AMOUNT OF STATE PUBLIC EDUCATION FUNDING AS DEFINED IN SECTION
6 24-77-301 (3), the general assembly may reduce the funding allocated to
7 the office required by this section for the next state fiscal year in order to
8 balance the state budget for said state fiscal year.

9 **SECTION 8.** In Colorado Revised Statutes, 39-22-123.5, **amend**
10 (3.5)(a)(VIII) as follows:

11 **39-22-123.5. Earned income tax credit - legislative declaration**
12 **- repeal.**

13 (3.5) (a) As used in this subsection (3.5), unless the context
14 otherwise requires:

15 (VIII) "Nonexempt revenue" means, for the applicable state fiscal
16 year, the revenues that are identified as nonexempt revenues in the annual
17 comprehensive financial report published by the office of the state
18 controller; EXCEPT THAT, FOR STATE FISCAL YEARS COMMENCING ON OR
19 AFTER JULY 1, 2026, NONEXEMPT REVENUE INCLUDES STATE PUBLIC
20 EDUCATION FUNDING AS DEFINED IN SECTION 24-77-301 (3).

21 **SECTION 9.** In Colorado Revised Statutes, 39-22-130, **amend**
22 (2)(b)(II)(G) as follows:

23 **39-22-130. Family affordability tax credit - tax preference**
24 **performance statement - legislative declaration - definitions - repeal.**

25 (2) As used in this section, unless the context otherwise requires:

26 (b) (II) As used in this subsection (2)(b):

27 (G) "Nonexempt revenue" means, for the applicable state fiscal

1 year, the revenue that is identified as nonexempt TABOR revenues in the
2 annual comprehensive financial report published by the office of the state
3 controller; EXCEPT THAT, FOR STATE FISCAL YEARS COMMENCING ON OR
4 AFTER JULY 1, 2026, NONEXEMPT REVENUE INCLUDES STATE PUBLIC
5 EDUCATION FUNDING AS DEFINED IN SECTION 24-77-301 (3).

6 **SECTION 10. Refer to people under referendum.** At the
7 election held on November 3, 2026, the secretary of state shall submit this
8 act by its ballot title to the registered electors of the state for their
9 approval or rejection. Each elector voting at the election may cast a vote
10 either "Yes/For" or "No/Against" on the following ballot title: "Shall state
11 investment in K-12 public education increase two percent each year for
12 the next ten years, with investments used to increase teacher pay, improve
13 teacher retention, lower class sizes, and increase access to career and
14 technical courses, without raising taxes but instead funded by raising the
15 annual limit on state fiscal year spending only by the amount spent on
16 public K-12 education as a voter-approved revenue change, and requiring
17 an annual publicly released, independent audit to show how the new
18 investments are spent?" Except as otherwise provided in section
19 1-40-123, Colorado Revised Statutes, if a majority of the electors voting
20 on the ballot title vote "Yes/For", then the act will become part of the
21 Colorado Revised Statutes.