

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

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

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, ALLOWING THE STATE TO RETAIN AN AMOUNT OF**
105 **STATE REVENUE IN EXCESS OF THE LIMITATION ON STATE FISCAL**
106 **YEAR SPENDING EQUAL TO STATE PUBLIC K-12 EDUCATION**
107 **FUNDING, AND SUBMITTING A BALLOT QUESTION TO THE**
108 **REGISTERED ELECTORS OF THE STATE.**

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

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.

SENATE
Amended 2nd Reading
April 24, 2026

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

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

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

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

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

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

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

24 (g) Teachers, counselors, para professionals, bus drivers, and
25 essential support staff are leaving their professions because salaries
26 haven't kept up with housing, healthcare, and cost of living;

27 (h) Students are learning in overcrowded classrooms and in

1 schools with fewer mental health counselors, opportunities for special
2 education support, and programs that support their ability to develop into
3 healthy, productive adults;

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

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

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

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

24 (m) Therefore, it is in the best interest of educators, students, and
25 their families to allow voters to invest further in public education by
26 modernizing the state's ability to retain and spend revenue to meet the
27 needs of Colorado communities and to ensure that state investment in

1 K-12 public education is increased by two percent for at least ten years
2 through the funding of a positive factor.

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

5 **22-54-103.3. District total program - 2025-26 through 2030-31**
6 **budget years - definitions - repeal.**

7 (3) (b) For the 2026-27 budget year, a district's total program is
8 the greater of the district's total program determination for the 2024-25
9 budget year or the amount calculated pursuant to section 22-54-104 plus
10 an amount equal to ~~thirty percent~~ THE FINAL PHASE-IN PERCENTAGE of the
11 difference between the district's total program calculation pursuant to
12 section 22-54-103.5 and the district's total program calculation pursuant
13 to section 22-54-104.

14 (c) For the 2027-28 budget year through the 2030-31 budget year,
15 a district's total program is the greater of the district's total program
16 calculation pursuant to section 22-54-104 plus one percent of the district's
17 total program calculation pursuant to section 22-54-104, or:

18 (I) For the 2027-28 budget year, the amount calculated pursuant
19 to section 22-54-104 plus an amount equal to ~~forty-five 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 (II) For the 2028-29 budget year, the amount calculated pursuant
24 to section 22-54-104 plus an amount equal to ~~sixty percent~~ THE FINAL
25 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;

1 (III) For the 2029-30 budget year, the amount calculated pursuant
2 to section 22-54-104 plus an amount equal to seventy-five percent THE
3 FINAL PHASE-IN PERCENTAGE of the difference between the district's total
4 program calculation pursuant to section 22-54-103.5 and the district's
5 total program calculation pursuant to section 22-54-104; and

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

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

13 (I) "BASE PHASE-IN PERCENTAGE" MEANS A PERCENTAGE EQUAL
14 TO:

- 15 (A) FOR BUDGET YEAR 2026-27, THIRTY PERCENT;
- 16 (B) FOR BUDGET YEAR 2027-28, FORTY-FIVE PERCENT;
- 17 (C) FOR BUDGET YEAR 2028-29, SIXTY PERCENT;
- 18 (D) FOR BUDGET YEAR 2029-30, SEVENTY-FIVE PERCENT;
- 19 (E) FOR BUDGET YEAR 2030-31, NINETY PERCENT; AND
- 20 (F) FOR BUDGET YEAR 2031-32, AND EACH BUDGET YEAR
21 THEREAFTER, ONE HUNDRED PERCENT.

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

- 24 (A) THE TWO PERCENT K-12 PUBLIC EDUCATION INCREASE FOR
25 THE APPLICABLE BUDGET YEAR, DIVIDED BY THE DIFFERENCE BETWEEN
26 STATEWIDE TOTAL PROGRAM CALCULATED PURSUANT TO SECTION
27 22-54-103.5 FOR THE APPLICABLE BUDGET YEAR AND STATEWIDE TOTAL

1 PROGRAM CALCULATED PURSUANT TO SECTION 22-54-104 FOR THE
2 APPLICABLE BUDGET YEAR; OR

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

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

7 (A) THE BASE PHASE-IN PERCENTAGE FOR THE APPLICABLE
8 BUDGET YEAR; PLUS

9 (B) THE POSITIVE FACTOR ACCELERATION PERCENTAGE FOR THE
10 APPLICABLE BUDGET YEAR.

11 (e) A DISTRICT'S POSITIVE FACTOR ACCELERATION PERCENTAGE
12 SHALL ONLY BE EXPENDED BY A DISTRICT TO FUND:

13 (I) INCREASING TEACHER PAY;

14 (II) IMPROVING TEACHER RETENTION;

15 (III) LOWERING CLASS SIZES; OR

16 (IV) INCREASING ACCESS TO CAREER AND TECHNICAL COURSES; OR

17 (V) ANY COMBINATION OF THE USES ALLOWED BY THIS
18 SUBSECTION (3)(e).

19 (f) LEGISLATIVE COUNCIL STAFF SHALL ANNUALLY PROJECT A
20 BUDGET YEAR'S POSITIVE FACTOR ACCELERATION PERCENTAGE AS SOON
21 AS PRACTICABLE BASED UPON THE MARCH REVENUE FORECAST RELIED ON
22 BY THE GENERAL ASSEMBLY IN SETTING THE BUDGET FOR THE NEXT STATE
23 FISCAL YEAR.

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

26 **22-54-103.7. Positive factor - positive factor education**
27 **investment amount - definitions.**

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

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

5 (I) THE TOTAL OF THE POSITIVE FACTOR FOR EACH BUDGET YEAR
6 COMMENCING ON AND AFTER JULY 1, 2026, AND BEFORE THE EARLIER OF
7 THE CURRENT BUDGET YEAR OR THE 2034-35 BUDGET YEAR; AND

8 (II) THE TOTAL OF THE:

9 (A) POSITIVE FACTOR EDUCATION AMOUNT PAID TO ALL DISTRICTS
10 PURSUANT TO SECTION 24-77-302 (2)(b) FOR EACH BUDGET YEAR
11 COMMENCING ON AND AFTER JULY 1, 2026, AND THROUGH THE
12 IMMEDIATELY PRECEDING BUDGET YEAR; AND

13 (B) THE POSITIVE FACTOR ACCELERATION AMOUNT PAID TO ALL
14 DISTRICTS PURSUANT TO SECTION 24-54-103.3 FOR EACH BUDGET YEAR
15 COMMENCING ON AND AFTER JULY 1, 2026, AND THROUGH THE
16 IMMEDIATELY PRECEDING BUDGET YEAR.

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

24 (c) "NEW FORMULA STATEWIDE TOTAL PROGRAM CALCULATION"
25 MEANS THE DISTRICT TOTAL PROGRAM FOR ALL DISTRICTS FOR THE
26 APPLICABLE BUDGET YEAR AS CALCULATED PURSUANT TO THE DISTRICT
27 TOTAL PROGRAM FORMULA IN SECTION 22-54-103.5. THE TERM DOES NOT

1 INCLUDE ANY ADJUSTMENTS REQUIRED PURSUANT TO SECTION
2 22-54-103.3 WHEN DETERMINING A DISTRICT'S TOTAL PROGRAM FOR THE
3 2027-28 BUDGET YEAR THROUGH THE 2030-31 BUDGET YEAR.

4 (d) "POSITIVE FACTOR" MEANS:

5 (I) FOR THE 2026-27 BUDGET YEAR, TWO PERCENT OF PROGRAM
6 FOUNDATION CALCULATED FOR THE 2025-26 BUDGET YEAR;

7 (II) FOR THE 2027-28 BUDGET YEAR THROUGH THE 2034-35
8 BUDGET YEAR, THE SUM OF:

9 (A) TWO PERCENT OF PROGRAM FOUNDATION FOR THE
10 IMMEDIATELY PRECEDING BUDGET YEAR; AND

11 (B) THE POSITIVE FACTOR FOR THE IMMEDIATELY PRECEDING
12 BUDGET YEAR; AND

13 (III) FOR THE 2035-36 BUDGET YEAR AND EACH BUDGET YEAR
14 THEREAFTER:

15 (A) TWO PERCENT OF PROGRAM FOUNDATION FOR THE 2034-35
16 BUDGET YEAR;

17 (B) THE POSITIVE FACTOR FOR THE 2034-35 BUDGET YEAR.

18 (e) "POSITIVE FACTOR ACCELERATION AMOUNT" MEANS THE
19 AMOUNT OF THE POSITIVE FACTOR FOR A BUDGET YEAR EXPENDED TO
20 FUND THE POSITIVE FACTOR ACCELERATION PERCENTAGE, AS DEFINED IN
21 SECTION 22-54-103.3 (3)(d), PURSUANT TO SECTION 24-54-103.3 (3).

22 (f) "POSITIVE FACTOR EDUCATION INVESTMENT AMOUNT" MEANS
23 AN AMOUNT OF THE POSITIVE FACTOR FOR A BUDGET YEAR EQUAL TO THE
24 DIFFERENCE BETWEEN THE POSITIVE FACTOR FOR THAT BUDGET YEAR AND
25 THE POSITIVE FACTOR ACCELERATION AMOUNT FOR THAT BUDGET YEAR.

26 (g) "PROGRAM FOUNDATION" MEANS:

27 (I) FOR BUDGET YEARS BEFORE TOTAL PROGRAM IS DETERMINED

1 PURSUANT TO SECTION 22-54-103.5, AN AMOUNT EQUAL TO STATE SHARE
2 OF TOTAL PROGRAM; AND

3 (II) FOR BUDGET YEARS WHEN TOTAL PROGRAM IS DETERMINED
4 PURSUANT TO SECTION 22-54-103.5, AN AMOUNT EQUAL TO NEW FORMULA
5 STATEWIDE TOTAL PROGRAM CALCULATION.

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

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

11 (I) (A) THE POSITIVE FACTOR FOR THE CURRENT BUDGET YEAR;
12 (B) PLUS THE DEFERRED POSITIVE FACTOR AMOUNT FOR THE
13 CURRENT BUDGET YEAR; OR

14 (II) THE AMOUNT THAT THE STATE IS AUTHORIZED TO RETAIN AND
15 SPEND PURSUANT TO VOTER APPROVAL OF THE BALLOT MEASURE
16 INCLUDED IN SECTION 24-77-302 FOR THE BUDGET YEAR MINUS, FOR THE
17 2027-28 BUDGET YEAR AND EACH BUDGET YEAR THEREAFTER, AN
18 AMOUNT EQUAL TO THE TOTAL DOLLAR AMOUNTS OF WARRANTS ISSUED
19 BY THE STATE TREASURER PURSUANT TO SECTION 39-3-207 (4) IN THE
20 CURRENT FISCAL YEAR.

21 (2) FOR THE 2026-27 BUDGET YEAR AND EACH BUDGET YEAR
22 THEREAFTER, A DISTRICT'S POSITIVE FACTOR EDUCATION INVESTMENT
23 AMOUNT IS EQUAL TO:

24 (NEW FORMULA DISTRICT TOTAL PROGRAM CALCULATION / NEW
25 FORMULA STATEWIDE TOTAL PROGRAM CALCULATION) X (THE TWO
26 PERCENT K-12 PUBLIC EDUCATION INCREASE MINUS THE POSITIVE FACTOR
27 ACCELERATION AMOUNT).

1 (3) FOR THE 2027-28 BUDGET YEAR AND EVERY BUDGET YEAR
2 THEREAFTER, THE DEPARTMENT OF EDUCATION SHALL ANNUALLY
3 CALCULATE EACH DISTRICT'S NEW FORMULA DISTRICT TOTAL PROGRAM
4 CALCULATION AND THE NEW FORMULA STATEWIDE TOTAL PROGRAM
5 CALCULATION.

6 (4) FOR THE 2027-28 BUDGET YEAR AND EVERY BUDGET YEAR
7 THEREAFTER, THE DEPARTMENT OF EDUCATION AND THE STAFF OF THE
8 LEGISLATIVE COUNCIL SHALL ANNUALLY DETERMINE EACH DISTRICT'S
9 SCHOOL POSITIVE FACTOR EDUCATION INVESTMENT AMOUNT BASED ON
10 BUDGET PROJECTIONS; EXCEPT THAT THE DEPARTMENT OF EDUCATION
11 AND THE STAFF OF THE LEGISLATIVE COUNCIL SHALL MAKE MID-YEAR
12 REVISIONS TO REPLACE PROJECTIONS WITH ACTUAL FIGURES TO
13 DETERMINE ANY NECESSARY CHANGES IN THE AMOUNT TO MAINTAIN THE
14 POSITIVE FACTOR EDUCATION INVESTMENT AMOUNT FOR THE APPLICABLE
15 BUDGET YEAR.

16 (5) A DISTRICT'S SCHOOL POSITIVE FACTOR EDUCATION
17 INVESTMENT AMOUNT IS IN ADDITION TO, BUT IS NOT INCLUDED IN, THE
18 DISTRICT'S TOTAL PROGRAM DETERMINED PURSUANT TO THIS ARTICLE 54.
19 THE POSITIVE FACTOR EDUCATION INVESTMENT AMOUNTS MUST BE
20 DISTRIBUTED IN THE SAME FORM AND MANNER IN WHICH PAYMENTS OF
21 TOTAL PROGRAM ARE DISTRIBUTED UNDER LAW TO ALL PUBLIC SCHOOLS.

22 == ==

23 (6) A DISTRICT'S POSITIVE FACTOR EDUCATION INVESTMENT
24 AMOUNT SHALL ONLY BE EXPENDED BY A DISTRICT TO FUND:

- 25 (a) INCREASING TEACHER PAY;
- 26 (b) IMPROVING TEACHER RETENTION;
- 27 (c) LOWERING CLASS SIZES; OR

1 (d) INCREASING ACCESS TO CAREER AND TECHNICAL COURSES; OR
2 (e) ANY COMBINATION OF THE USES ALLOWED BY THIS SUBSECTION
3 (6).

4 ==
5 **SECTION 4.** In Colorado Revised Statutes, **add** part 3 to article
6 77 of title 24 as follows:

7 PART 3
8 SUBMISSION OF BALLOT ISSUE
9 VOTER-APPROVED REVENUE CHANGE

10 **24-77-301. Definitions.**

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

13 ==
14 (1) "CHILDREN'S ACCOUNT" OR "ACCOUNT" MEANS THE
15 CHILDREN'S ACCOUNT CREATED IN SECTION 24-77-302 (2).

16 ==
17 (2) "STATE PUBLIC EDUCATION FUNDING" MEANS THE AMOUNT
18 DETERMINED BY LEGISLATIVE COUNCIL STAFF PURSUANT TO SECTION
19 24-77-303 (1).

20 (3) "STATE REVENUES" MEANS STATE FISCAL YEAR SPENDING, AS
21 DEFINED IN SECTION 24-77-102 (17).

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

24 **24-77-302. Retention of excess state revenues - children's**
25 **account - definitions.**

26 (1) FOR STATE FISCAL YEARS COMMENCING ON OR AFTER JULY 1,
27 2026, THE STATE MAY RETAIN AND SPEND STATE REVENUES THAT THE

1 STATE OTHERWISE WOULD HAVE BEEN REQUIRED TO REFUND UNDER
2 SECTION 20 (7)(d) OF ARTICLE X OF THE STATE CONSTITUTION IN AN
3 AMOUNT EQUAL TO THE STATE PUBLIC EDUCATION FUNDING FOR THE
4 STATE FISCAL YEAR.

5 (2) (a) THERE IS HEREBY CREATED IN THE GENERAL FUND THE
6 CHILDREN'S ACCOUNT, WHICH CONSISTS OF:

7 (I) FOR STATE FISCAL YEAR 2026-27, AN AMOUNT OF MONEY
8 EQUAL TO THE AMOUNT THAT THE STATE RETAINS FOR STATE FISCAL YEAR
9 2026-27 PURSUANT TO SUBSECTION (1) OF THIS SECTION; AND

10 (II) FOR STATE FISCAL YEARS COMMENCING ON OR AFTER JULY 1,
11 2027, AN AMOUNT OF MONEY EQUAL TO THE AMOUNT THAT THE STATE
12 RETAINS FOR A GIVEN FISCAL YEAR PURSUANT TO SUBSECTION (1) OF THIS
13 SECTION MINUS AN AMOUNT EQUAL TO THE TOTAL DOLLAR AMOUNT OF
14 WARRANTS ISSUED BY THE STATE TREASURER PURSUANT TO SECTION
15 39-3-207 (4) IN THE SAME FISCAL YEAR.

16 (b) FOR EACH STATE FISCAL YEAR BEGINNING ON OR AFTER JULY
17 1, 2027, AND BEFORE JULY 1, 2037, THE GENERAL ASSEMBLY:

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

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

26 (c) AFTER MAKING THE APPROPRIATIONS OR TRANSFERS REQUIRED
27 BY SUBSECTION (2)(b) OF THIS SECTION FOR A STATE FISCAL YEAR, THE

1 GENERAL ASSEMBLY MAY APPROPRIATE OR TRANSFER MONEY IN THE
2 ACCOUNT FOR ANY OTHER PURPOSE FOR THAT SAME FISCAL YEAR.

3
4 (3) THE APPROVAL OF THE BALLOT MEASURE INCLUDING THIS
5 SECTION BY A MAJORITY OF THE ELECTORS VOTING ON THE BALLOT ISSUE
6 CONSTITUTES A VOTER-APPROVED REVENUE CHANGE TO ALLOW THE
7 RETENTION AND EXPENDITURE OF THE ADDITIONAL STATE REVENUES THAT
8 THE STATE IS AUTHORIZED TO RETAIN AND SPEND PURSUANT TO
9 SUBSECTION (1) OF THIS SECTION.

10 (4) THIS SECTION DOES NOT AFFECT THE AMOUNT THAT THE STATE
11 IS PERMITTED TO RETAIN AND SPEND UNDER THE EXCESS STATE REVENUES
12 CAP.

13 (5) (a) THE MONEY THAT THE GENERAL ASSEMBLY TRANSFERS OR
14 APPROPRIATES PURSUANT TO SUBSECTION (2)(b)(I) OF THIS SECTION,
15 EXCEPT FOR THE POSITIVE FACTOR ACCELERATION AMOUNT AS DEFINED IN
16 SECTION 22-54-103.7 (1)(e), SHALL SUPPLEMENT AND NOT SUPPLANT
17 TOTAL PROGRAM, AS DEFINED IN SECTION 22-55-102 (18).

18 **24-77-303. Determination of state public education funding.**

19 (1) ON OR BEFORE JANUARY 15, 2027, ON OR AFTER JULY 1, 2027,
20 BUT BEFORE AUGUST 1, 2027, AND ON OR AFTER EACH JULY 1 AND BEFORE
21 EACH AUGUST 1 THEREAFTER, LEGISLATIVE COUNCIL STAFF SHALL
22 DETERMINE AND REPORT TO THE STATE CONTROLLER, THE OFFICE OF
23 STATE PLANNING AND BUDGETING, AND THE JOINT BUDGET COMMITTEE,
24 THE GREATEST TOTAL AMOUNT IN A PRECEDING STATE FISCAL YEAR THAT
25 HAS BEEN COUNTED AS STATE FISCAL YEAR SPENDING AND APPROPRIATED
26 BY THE GENERAL ASSEMBLY FOR A PRECEDING STATE FISCAL YEAR FOR
27 CATEGORICAL PROGRAMS AND THE STATE SHARE OF TOTAL PROGRAM AND

1 THE AMOUNT OF THE TWO PERCENT K-12 PUBLIC EDUCATION INCREASE
2 FOR THE SAME STATE FISCAL YEAR. THE AMOUNT DETERMINED AND
3 REPORTED BY LEGISLATIVE COUNCIL STAFF PURSUANT TO THIS
4 SUBSECTION (1) IS THE STATE PUBLIC EDUCATION FUNDING FOR THAT
5 STATE FISCAL YEAR.

6 (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
7 REQUIRES:

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

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

13 **24-77-304. Excess state revenues expenditure independent**
14 **audit.**

15 (1) FOR EACH STATE FISCAL YEAR THAT THE STATE RETAINS
16 AND SPENDS STATE REVENUES IN EXCESS OF THE LIMITATION ON STATE
17 FISCAL YEAR SPENDING PURSUANT TO THIS PART 3, THE STATE AUDITOR
18 SHALL REPORT ON EXCESS STATE REVENUES INCLUDING THE FOLLOWING
19 INFORMATION:

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

23 (b) A DESCRIPTION OF HOW THE STATE EXPENDED FROM THE
24 ACCOUNT THE STATE REVENUES THAT THE STATE RETAINED AND SPENT IN
25 EXCESS OF THE LIMITATION ON STATE FISCAL YEAR SPENDING PURSUANT
26 TO THIS PART 3.

27 (2) THE STATE AUDITOR SHALL COMPLETE THE REPORTING

1 REQUIRED BY SUBSECTION (1)(a) OF THIS SECTION AT THE SAME TIME THAT
2 THE STATE AUDITOR COMPLETES THE REPORT REQUIRED PURSUANT TO
3 SECTION 2-3-103 (2) FOLLOWING A FISCAL YEAR IN WHICH THE STATE
4 RETAINS AND SPENDS STATE REVENUES IN EXCESS OF THE LIMITATION ON
5 STATE FISCAL YEAR SPENDING PURSUANT TO THIS PART 3 AND MAY AMEND
6 THE REPORT THEREAFTER AS NECESSARY.

7
8 **SECTION 5.** In Colorado Revised Statutes, 22-44-304, **add**
9 (1)(g) as follows:

10 **22-44-304. Financial reporting - online access to information**
11 **- definitions.**

12 (1) (g) (I) ADDITIONALLY, COMMENCING ON AUGUST 1, 2027,
13 EACH LOCAL EDUCATION PROVIDER, AS DEFINED IN SECTION 22-54-202,
14 SHALL POST IN A FORMAT THAT CAN BE DOWNLOADED AND SORTED, FOR
15 FREE PUBLIC ACCESS, THE LOCAL EDUCATION PROVIDER'S ACTUAL
16 EXPENDITURES OF ANY POSITIVE FACTOR ACCELERATION AMOUNT
17 RECEIVED PURSUANT TO SECTION 22-54-103.3 AND ANY POSITIVE FACTOR
18 EDUCATION INVESTMENT AMOUNT RECEIVED PURSUANT TO SECTION
19 22-54-103.7.

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

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

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

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

1 **24-77-106.5. Annual financial report - certification of excess**
2 **state revenues.**

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

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

16 **29-32-104. Permissible expenditures - affordable housing**
17 **programs - report - definitions.**

18 (5) If the Legislative Council Staff's March Economic and
19 Revenue Forecast in any given year projects revenue for the next state
20 fiscal year will fall below the revenue limit imposed under section 20 of
21 article X of the state constitution BY AN AMOUNT GREATER THAN THE
22 AMOUNT OF STATE PUBLIC EDUCATION FUNDING AS DEFINED IN SECTION
23 24-77-301 (3), the general assembly may reduce the funding allocated to
24 the office required by this section for the next state fiscal year in order to
25 balance the state budget for said state fiscal year.

26 **SECTION 8.** In Colorado Revised Statutes, 39-22-123.5, **amend**
27 **(3.5)(a)(VIII)** as follows:

1 **39-22-123.5. Earned income tax credit - legislative declaration**
2 **- repeal.**

3 (3.5) (a) As used in this subsection (3.5), unless the context
4 otherwise requires:

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

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

13 **39-22-130. Family affordability tax credit - tax preference**
14 **performance statement - legislative declaration - definitions - repeal.**

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

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

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

23 **SECTION 10. Refer to people under referendum.** At the
24 election held on November 3, 2026, the secretary of state shall submit this
25 act by its ballot title to the registered electors of the state for their
26 approval or rejection. Each elector voting at the election may cast a vote
27 either "Yes/For" or "No/Against" on the following ballot title: "Shall state

1 investment in K-12 public education increase two percent each year for
2 the next ten years, with investments used to increase teacher pay, improve
3 teacher retention, lower class sizes, and increase access to career and
4 technical courses, without raising taxes but instead funded by raising the
5 annual limit on state fiscal year spending only by the amount spent on
6 public K-12 education as a voter-approved revenue change, and requiring
7 an annual publicly released, independent audit to show how the new
8 investments are spent?" Except as otherwise provided in section
9 1-40-123, Colorado Revised Statutes, if a majority of the electors voting
10 on the ballot title vote "Yes/For", then the act will become part of the
11 Colorado Revised Statutes.