

Second Regular Session  
Seventy-third General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 22-0406.01 Brita Darling x2241

HOUSE BILL 22-1146

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A BILL FOR AN ACT

101 CONCERNING THE INVESTMENT OF MONEY IN THE PUBLIC SCHOOL  
102 FUND.

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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.** The bill staggers the terms of the state treasurer's 3 appointed members to the investment board, commencing with new appointments beginning on and after July 1, 2022, to ensure that no more than 2 members' terms expire in the same year.

The bill creates a working group, convened by the state treasurer,

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.*

to consider opportunities to improve earnings on the deposit and investment of money in the fund, while safeguarding the endowment for public schools and complying with state and federal laws relating to state school trust lands and the fund. The bill authorizes the state treasurer, after consulting with the investment board, to select the members of the working group, and the bill specifies the issues the working group must study. The state treasurer shall report the findings and recommendations of the working group to the joint budget committee and to the education committees of the house of representatives and of the senate during the 2023 legislative session.

The bill clarifies the time frame and circumstances in which a realized investment loss to the fund may be offset by realized gains before the general assembly is required to appropriate money to cover losses to the fund.

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

2 **SECTION 1.** In Colorado Revised Statutes, 22-41-102.5, **amend**  
3 (2); and **add** (6) as follows:

4 **22-41-102.5. Public school fund investment board - creation**  
5 **- working group - report - repeal.** (2) (a) Except for the state treasurer,  
6 members of the board serve two-year terms and may not serve more than  
7 three consecutive terms, and none of the board members, except for the  
8 treasurer, may hold any state elective office. The state board of land  
9 commissioners or the state treasurer may remove their appointed members  
10 for any cause that renders the member incapable of discharging or unfit  
11 to discharge ~~his or her~~ THE MEMBER'S duty to the board. The state board  
12 of land commissioners or the state treasurer may fill any vacancy by  
13 appointment, and such appointment must be made no later than ninety  
14 days after the date of the vacancy. A member appointed to fill a vacancy  
15 serves until the expiration of the term for which the vacancy was filled.  
16 Members of the board serve without compensation but may receive  
17 reimbursement for travel and other necessary expenses actually incurred

1 in the performance of their duties. The reimbursements are paid from the  
2 interest and income earned on the deposit and investment of the public  
3 school fund subject to the requirements set forth in section 22-41-102.

4 (b) BEGINNING WITH THE STATE TREASURER'S APPOINTMENTS TO  
5 THE BOARD TO REPLACE EXISTING BOARD MEMBERS WHOSE FINAL TERMS  
6 EXPIRE ON OR AFTER JULY 1, 2022, THE STATE TREASURER SHALL STAGGER  
7 THE TERMS OF NEWLY APPOINTED BOARD MEMBERS TO ENSURE THAT THE  
8 TERMS OF NO MORE THAN TWO OF THE STATE TREASURER'S THREE  
9 APPOINTMENTS TO THE BOARD EXPIRE IN THE SAME YEAR. OF THE FIRST  
10 THREE MEMBERS APPOINTED, ONE MEMBER SERVES AN INITIAL TERM OF  
11 ONE YEAR, ONE MEMBER SERVES AN INITIAL TERM OF TWO YEARS, AND  
12 ONE MEMBER SERVES AN INITIAL TERM OF THREE YEARS, AS DETERMINED  
13 BY THE STATE TREASURER. AFTER THE INITIAL TERM, THE MEMBERS SERVE  
14 TWO-YEAR TERMS FOR A TOTAL OF THREE CONSECUTIVE TERMS, AS SET  
15 FORTH IN SUBSECTION (2)(a) OF THIS SECTION.

16 (6) (a) THE STATE TREASURER SHALL CONVENE A WORKING GROUP  
17 TO CONSIDER OPPORTUNITIES TO IMPROVE THE LONG-TERM  
18 SUSTAINABILITY OF THE FUND AND THE STABILITY OF DISTRIBUTIONS FOR  
19 THE INTERGENERATIONAL BENEFIT OF PUBLIC SCHOOLS.

20 (b) THE STATE TREASURER, IN CONSULTATION WITH THE BOARD,  
21 SHALL SELECT THE MEMBERS OF THE WORKING GROUP, WHICH MAY  
22 INCLUDE:

23 (I) MEMBERS WITH INVESTMENT MANAGEMENT EXPERTISE,  
24 INCLUDING KNOWLEDGE OF LONG-TERM ENDOWMENT INVESTMENT AND  
25 SPENDING POLICIES;

26 (II) MEMBERS WITH TAX EXPERTISE, INCLUDING KNOWLEDGE  
27 RELATING TO FUNDING SOURCES FOR CURRENT AND FUTURE CERTIFICATE

1 OF PARTICIPATION AGREEMENTS FOR PUBLIC SCHOOL CAPITAL  
2 CONSTRUCTION;

3 (III) MEMBERS WITH LEGAL EXPERTISE, INCLUDING KNOWLEDGE  
4 OF THE COLORADO CONSTITUTION AND STATUTES GOVERNING THE ISSUES  
5 STUDIED BY THE WORKING GROUP;

6 (IV) MEMBERS WITH OTHER RELEVANT EXPERTISE, AS  
7 DETERMINED BY THE STATE TREASURER; AND

8 (V) MEMBERS WHO REPRESENT INTERESTS SERVED THROUGH  
9 REVENUE FROM STATE SCHOOL TRUST LANDS OR INTEREST AND INCOME  
10 FROM THE PUBLIC SCHOOL FUND.

11 (c) THE WORKING GROUP SHALL CONSIDER:

12 (I) THE DISTRIBUTION OF REVENUE FROM STATE SCHOOL TRUST  
13 LANDS;

14 (II) INVESTMENT OPPORTUNITIES TO INCREASE GROWTH AND  
15 INCOME EARNED ON MONEY IN THE PUBLIC SCHOOL FUND;

16 (III) THE DISTRIBUTION OF INTEREST AND INCOME FROM THE  
17 PUBLIC SCHOOL FUND AND WAYS TO CREATE A MORE SUSTAINABLE,  
18 LONG-TERM DISTRIBUTION POLICY;

19 (IV) POLICIES TO INCREASE THE PRINCIPAL OF THE PUBLIC SCHOOL  
20 FUND;

21 (V) THE IMPACT OF COLORADO CONSTITUTIONAL AND STATUTORY  
22 PROVISIONS ON THE INVESTMENT OF MONEY IN THE PUBLIC SCHOOL FUND,  
23 INCLUDING PROVISIONS RELATING TO CERTIFICATE OF PARTICIPATION  
24 AGREEMENTS; AND

25 (VI) ANY OTHER ISSUES, AS DETERMINED BY THE STATE  
26 TREASURER.

27 (d) NOT LATER THAN FEBRUARY 28, 2023, THE STATE TREASURER

1 SHALL REPORT TO THE JOINT BUDGET COMMITTEE AND TO THE EDUCATION  
2 COMMITTEES OF THE HOUSE OF REPRESENTATIVES AND OF THE SENATE, OR  
3 THEIR SUCCESSOR COMMITTEES, CONCERNING THE ISSUES CONSIDERED BY  
4 THE WORKING GROUP, THE FINDINGS AND RECOMMENDATIONS OF THE  
5 WORKING GROUP, AND ANY NECESSARY CHANGES TO COLORADO LAW TO  
6 IMPLEMENT RECOMMENDATIONS OF THE WORKING GROUP.

7 (e) THIS SUBSECTION (6) IS REPEALED, EFFECTIVE JULY 1, 2023.

8 **SECTION 2.** In Colorado Revised Statutes, 22-41-104, **amend**  
9 (2) as follows:

10 **22-41-104. Lawful investments.** (2) The state treasurer has  
11 authority, to be exercised at the state treasurer's discretion, to effect  
12 exchanges or sales whenever such exchanges or sales will not result in an  
13 aggregate loss of principal to the public school fund. An aggregate loss  
14 of principal to the public school fund occurs only when an exchange or  
15 sale that resulted in an initial loss of principal is not offset by a gain on an  
16 exchange or sale in the fund within ~~twelve~~ EIGHTEEN months. THE  
17 CALCULATION OF AN AGGREGATE LOSS MUST ALSO INCLUDE ANY GAINS  
18 THAT WERE REALIZED IN THE TWELVE MONTHS PRIOR TO THE LOSS OF  
19 PRINCIPAL.

20 **SECTION 3. Safety clause.** The general assembly hereby finds,  
21 determines, and declares that this act is necessary for the immediate  
22 preservation of the public peace, health, or safety.