Second Regular Session
Seventh-third General Assembly
STATE OF COLORADO

DRAFT
1.19.22

BILL 3

LLS NO. 22-0405.03 Julie Pelegrin x2700   **INTERIM COMMITTEE BILL**

Legislative Interim Committee on School Finance

BILL TOPIC: "State Match For Mill Levy Override Revenue"

A BILL FOR AN ACT

101   **CONCERNING PROVIDING STATE MATCHING MONEY FOR PROPERTY**

102   **TAX REVENUE COLLECTED BY 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://leg.colorado.gov/.)

Legislative Interim Committee on School Finance. Beginning in the 2022-23 budget year, the bill directs the department of education (department) to distribute to each eligible school district an amount of state money as a matching amount to the property tax revenue the eligible district receives from mills levied for additional revenue (override mills). To determine the amount, if any, of state matching money, the department

must calculate for each district:

    !   The district's maximum number of override mills; and

    !   The number of override mills the district may be expected to levy toward the district's maximum number of override mills (override mill capacity), based on the district's median household income.

If a district's override mill capacity is less than the maximum number of override mills, the district is eligible to receive matching state money. The department must calculate each eligible district's mill levy match amount as provided in the bill. The department must distribute the mill levy match amounts from the mill levy override match fund created in the bill.

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

2   **SECTION 1.** In Colorado Revised Statutes, **add** 22-54-107.9 as

3   follows:

4   **22-54-107.9.   Override mill levy match - calculation -**

5   **distribution - fund created - definitions.** (1) AS USED IN THIS SECTION,

6   UNLESS THE CONTEXT OTHERWISE REQUIRES:

7   (a) "APPLICABLE BUDGET YEAR" MEANS THE BUDGET YEAR IN

8   WHICH THE DEPARTMENT DISTRIBUTES MONEY PURSUANT TO THIS SECTION

9   TO A DISTRICT.

10   (b) "APPLICABLE PROPERTY TAX YEAR" MEANS THE PROPERTY TAX

11   YEAR THAT ENDS DURING THE APPLICABLE BUDGET YEAR.

12   (c) "DEPARTMENT" MEANS THE DEPARTMENT OF EDUCATION

13   CREATED PURSUANT TO SECTION 24-1-115.

14   (d) "ELIGIBLE DISTRICT" MEANS A DISTRICT FOR WHICH THE

15   OVERRIDE MILL CAPACITY IS LESS THAN THE MAXIMUM NUMBER OF

16   OVERRIDE MILLS CALCULATED FOR THE DISTRICT.

17   (e) "MAXIMUM NUMBER OF OVERRIDE MILLS" IS THE NUMBER OF

18   OVERRIDE MILLS CALCULATED FOR A DISTRICT PURSUANT TO SUBSECTION

19   (3) OF THIS SECTION.

1   (f) "OVERRIDE MILL CAPACITY" MEANS THE NUMBER OF OVERRIDE

2   MILLS CALCULATED PURSUANT TO SUBSECTION (4) OF THIS SECTION THAT

3   A DISTRICT MAY BE EXPECTED TO LEVY TOWARD THE DISTRICT'S MAXIMUM

4   NUMBER OF OVERRIDE MILLS.

5   (g) "OVERRIDE MILLS" MEANS PROPERTY TAX MILLS THAT A

6   DISTRICT LEVIES PURSUANT TO SECTION 22-54-108.

7   (h) "TOTAL PROGRAM" MEANS THE AMOUNT OF TOTAL PROGRAM

8   FUNDING FOR A DISTRICT CALCULATED PURSUANT TO SECTION 22-54-104

9   (2) BEFORE APPLICATION OF THE BUDGET STABILIZATION FACTOR.

10   (2) (a) BEGINNING IN THE 2022-23 BUDGET YEAR AND FOR EACH

11   BUDGET YEAR THEREAFTER, THE DEPARTMENT SHALL ANNUALLY

12   DISTRIBUTE TO EACH ELIGIBLE DISTRICT AN OVERRIDE MILL MATCH

13   AMOUNT CALCULATED AS PROVIDED IN THIS SECTION. THE DEPARTMENT

14   SHALL DISTRIBUTE THE OVERRIDE MILL MATCH AMOUNT FROM MONEY

15   ANNUALLY APPROPRIATED TO THE MILL LEVY OVERRIDE MATCH FUND

16   CREATED IN SUBSECTION (6) OF THIS SECTION. IN A BUDGET YEAR IN

17   WHICH THE GENERAL ASSEMBLY DOES NOT APPROPRIATE A SUFFICIENT

18   AMOUNT TO FULLY FUND THE DISTRIBUTIONS CALCULATED PURSUANT TO

19   THIS SECTION, THE DEPARTMENT SHALL REDUCE THE AMOUNT OF EACH

20   ELIGIBLE DISTRICT'S DISTRIBUTION BY THE SAME PERCENTAGE THAT THE

21   DEFICIT BEARS TO THE AMOUNT REQUIRED TO FULLY FUND THE

22   DISTRIBUTIONS CALCULATED PURSUANT TO THIS SECTION.

23   (b) THE OVERRIDE MILL MATCH AMOUNT THAT AN ELIGIBLE

24   DISTRICT RECEIVES PURSUANT TO THIS SECTION IS DEEMED TO BE

25   ADDITIONAL MILL LEVY REVENUE THAT IS SUBJECT TO DISTRIBUTION TO

26   THE CHARTER SCHOOLS OF THE DISTRICT IN THE SAME MANNER THAT THE

27   DISTRICT DISTRIBUTES OTHER ADDITIONAL MILL LEVY REVENUE THAT IT

1 COLLECTS TO THE CHARTER SCHOOLS OF THE DISTRICT PURSUANT TO

2 SECTION 22-32-108.5.

3   (3) (a) FOR THE 2022-23 BUDGET YEAR AND FOR EACH BUDGET

4 YEAR THEREAFTER, THE DEPARTMENT SHALL ANNUALLY DETERMINE EACH

5 DISTRICT'S MAXIMUM NUMBER OF OVERRIDE MILLS, WHICH IS EQUAL TO

6 THE NUMBER OF MILLS THAT THE DISTRICT MAY LEVY FOR THE APPLICABLE

7 PROPERTY TAX YEAR TO GENERATE PROPERTY TAX REVENUE EQUAL TO

8 TWENTY-FIVE PERCENT OR THIRTY PERCENT, WHICHEVER IS APPLICABLE

9 PURSUANT TO SECTION 22-54-108 (3)(b)(III) AND (3)(b)(IV), OF THE

10 DISTRICT'S:

11   (I) TOTAL PROGRAM FOR THE APPLICABLE BUDGET YEAR, IF TEN

12 PERCENT OR LESS OF THE DISTRICT'S FUNDED PUPIL COUNT FOR THE

13 APPLICABLE BUDGET YEAR IS ATTRIBUTABLE TO THE DISTRICT'S ONLINE

14 PUPIL ENROLLMENT; OR

15   (II) ADJUSTED TOTAL PROGRAM FOR THE APPLICABLE BUDGET

16 YEAR CALCULATED PURSUANT TO SUBSECTION (3)(b) OF THIS SECTION, IF

17 MORE THAN TEN PERCENT OF THE DISTRICT'S FUNDED PUPIL COUNT FOR

18 THE APPLICABLE BUDGET YEAR IS ATTRIBUTABLE TO THE DISTRICT'S

19 ONLINE PUPIL ENROLLMENT.

20   (b) IF MORE THAN TEN PERCENT OF A DISTRICT'S FUNDED PUPIL

21 COUNT FOR THE APPLICABLE BUDGET YEAR IS ATTRIBUTABLE TO THE

22 DISTRICT'S ONLINE PUPIL ENROLLMENT, THE DEPARTMENT SHALL

23 CALCULATE THE DISTRICT'S ADJUSTED TOTAL PROGRAM AS FOLLOWS:

24   (I) THE DEPARTMENT SHALL REDUCE THE DISTRICT'S ONLINE PUPIL

25 ENROLLMENT IN ACCORDANCE WITH THE FOLLOWING FORMULA:

26   DISTRICT ONLINE PUPIL ENROLLMENT - (((DISTRICT FUNDED PUPIL

27   COUNT - DISTRICT ONLINE PUPIL ENROLLMENT) ÷ .9) X .1)

1   (II)   THE DEPARTMENT SHALL SUBTRACT FROM THE DISTRICT'S

2   TOTAL PROGRAM FOR THE APPLICABLE BUDGET YEAR AN AMOUNT EQUAL

3   TO THE DISTRICT'S REDUCED ONLINE PUPIL ENROLLMENT, CALCULATED

4   PURSUANT TO SUBSECTION (3)(b)(I) OF THIS SECTION, MULTIPLIED BY THE

5   PER PUPIL ONLINE FUNDING AMOUNT FOR THE APPLICABLE BUDGET YEAR

6   AS DESCRIBED IN SECTION 22-54-104 (4.5)(c)(II), BEFORE APPLICATION OF

7   THE BUDGET STABILIZATION FACTOR.

8   (4) (a)   FOR THE 2022-23 BUDGET YEAR AND EVERY FIVE YEARS

9   THEREAFTER, THE DEPARTMENT SHALL DETERMINE THE FIVE-YEAR

10   AVERAGE MEDIAN HOUSEHOLD INCOME FOR EACH DISTRICT IN THE STATE,

11   REFERRED TO IN THIS SECTION AS THE "AVERAGE MEDIAN INCOME", BY

12   AVERAGING THE MEDIAN HOUSEHOLD INCOME FOR EACH DISTRICT AS

13   DETERMINED BY THE UNITED STATES CENSUS BUREAU'S AMERICAN

14   COMMUNITY SURVEY FOR THE PRECEDING FIVE CALENDAR YEARS. THE

15   DEPARTMENT SHALL DETERMINE THE AMOUNT OF THE DIFFERENCE

16   BETWEEN THE HIGHEST AVERAGE MEDIAN INCOME AND LOWEST AVERAGE

17   MEDIAN INCOME AMONG ALL DISTRICTS IN THE STATE, REFERRED TO IN

18   THIS SECTION AS THE "MEDIAN INCOME GAP".

19   (b)   FOR THE 2022-23 BUDGET YEAR AND EVERY FIVE BUDGET

20   YEARS THEREAFTER, USING THE AVERAGE MEDIAN INCOME FOR EACH

21   DISTRICT, THE DEPARTMENT SHALL DETERMINE FOR EACH DISTRICT THE

22   DISTRICT'S OVERRIDE MILL CAPACITY, WHICH IS THE NUMBER OF OVERRIDE

23   MILLS THE DISTRICT MAY BE EXPECTED TO LEVY TOWARD THE DISTRICT'S

24   MAXIMUM NUMBER OF OVERRIDE MILLS, USING THE FOLLOWING FORMULA:

25   (((DISTRICT AVERAGE MEDIAN INCOME - LOWEST DISTRICT

26   AVERAGE MEDIAN INCOME) ÷ MEDIAN INCOME GAP) X 20) + 15

27   (5)   FOR THE 2022-23 BUDGET YEAR AND EACH BUDGET YEAR

1   THEREAFTER, THE DEPARTMENT SHALL CALCULATE THE STATE MATCH

2   PERCENTAGE FOR EACH ELIGIBLE DISTRICT BY SUBTRACTING THE ELIGIBLE

3   DISTRICT'S OVERRIDE MILL CAPACITY FROM THE ELIGIBLE DISTRICT'S

4   MAXIMUM NUMBER OF OVERRIDE MILLS, THEN DIVIDING THE REMAINDER

5   BY THE ELIGIBLE DISTRICT'S OVERRIDE MILL CAPACITY. THE DEPARTMENT

6   SHALL ANNUALLY DISTRIBUTE TO EACH ELIGIBLE DISTRICT AN OVERRIDE

7   MILL MATCH AMOUNT EQUAL TO THE ELIGIBLE DISTRICT'S STATE MATCH

8   PERCENTAGE MULTIPLIED BY THE AMOUNT OF PROPERTY TAX REVENUE

9   GENERATED BY THE NUMBER OF OVERRIDE MILLS THAT THE ELIGIBLE

10   DISTRICT LEVIES FOR THE APPLICABLE PROPERTY TAX YEAR.

11   (6) THE MILL LEVY OVERRIDE MATCH FUND IS CREATED IN THE

12   STATE TREASURY. THE FUND CONSISTS OF MONEY APPROPRIATED OR

13   TRANSFERRED TO THE FUND BY THE GENERAL ASSEMBLY. THE STATE

14   TREASURER SHALL CREDIT TO THE FUND ALL INTEREST AND INCOME

15   DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE FUND.

16   SUBJECT TO ANNUAL APPROPRIATION BY THE GENERAL ASSEMBLY, FOR

17   THE 2022-23 BUDGET YEAR AND EACH BUDGET YEAR THEREAFTER, THE

18   DEPARTMENT SHALL DISTRIBUTE MONEY FROM THE FUND AS DESCRIBED

19   IN THIS SECTION. IN ADDITION, THE DEPARTMENT MAY EXPEND A PORTION

20   OF THE AMOUNT APPROPRIATED FROM THE FUND TO PAY THE DIRECT

21   COSTS THAT THE DEPARTMENT INCURS IN IMPLEMENTING THIS SECTION.

22   **SECTION 2. Safety clause.** The general assembly hereby finds,

23   determines, and declares that this act is necessary for the immediate

24   preservation of the public peace, health, or safety.