

CHAPTER 4

EDUCATION - PUBLIC SCHOOLS

SENATE BILL 93-80

BY SENATORS Bird, Traylor, Rizzuto, Norton, Bishop, R. Powers, Schroeder, Trujillo, and Wham;
also REPRESENTATIVES Grampsas, Owen, Romero, Williams, Agler, Berry, Faatz, Kerns, Anderson, Kreutz, Lyle, Morrison, and Piffner.

AN ACT

CONCERNING THE MANAGEMENT OF THE INTEREST-FREE LOAN PROGRAM FOR SCHOOL DISTRICTS UNDER THE "PUBLIC SCHOOL FINANCE ACT OF 1988".

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

SECTION 1. 22-53-122.5 (1) and (2), Colorado Revised Statutes, 1988 Repl. Vol., as amended, are amended to read:

22-53-122.5. Loans to alleviate cash flow management problems.
(1) (a) ~~Beginning July 1, 1992,~~ Upon APPROVAL BY THE STATE TREASURER OF THE application by OF a district to participate in an interest-free loan program, the state treasurer shall ~~provide sufficient funds in the form of~~ MAKE AVAILABLE TO SUCH DISTRICT IN ANY MONTH OF THE BUDGET YEAR an interest-free loan from the state general fund IN AN AMOUNT NOT TO EXCEED ONE THOUSAND DOLLARS ABOVE THE PROJECTED GENERAL FUND CASH DEFICIT FOR THE MONTH AS CERTIFIED BY THE CHIEF FINANCIAL OFFICER AND THE SUPERINTENDENT OF THE DISTRICT. THE STATE TREASURER SHALL DETERMINE THE METHODOLOGY FOR THE CALCULATION OF CASH DEFICITS AND ESTABLISH REPORTING MECHANISMS NECESSARY TO ENSURE CONSISTENT AND ACCURATE REPORTING OF CASH DEFICITS. NO LOAN SHALL BE MADE IN ANY MONTH UNLESS THE DISTRICT HAS DEMONSTRATED, TO THE SATISFACTION OF THE STATE TREASURER, THAT A GENERAL FUND CASH DEFICIT WILL EXIST FOR THAT MONTH. ~~to any district which does not have moneys available for expenditure, in each month of the budget year, equal to at least one-twelfth of the amount of equalization program funding to which it is entitled for the fiscal year. In determining whether a district is eligible for a loan pursuant to the provisions of this subsection (1), the state treasurer and the department of education shall consider the state's share of equalization program funding received by the district during the month, the property tax revenues received during the month, and the property tax carryforward moneys of the district as of July 1 of the budget year.~~

(b) A loan may not be made under this section to provide assistance for matters

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

eligible for payment from the contingency reserve pursuant to section 22-53-124 or to cover a foreseeable level of uncollectible property taxes, nor may a loan be used by a district for the simultaneous purchase and sale of the same security or an equivalent security in order to profit from price disparity.

(2) (a) FOR THE MONTHS OF MARCH, APRIL, AND MAY OF EACH BUDGET YEAR, any district receiving a loan under the provisions of this section shall begin to repay ~~any SUCH loan to the state when the monthly property tax revenues and state aid received exceed one-twelfth of the amount of equalization program funding to which such district is entitled for the budget year, and~~ IF THE DISTRICT'S AVAILABLE RESOURCES AS OF THE LAST DAY OF THE MONTH INCREASED BY THE NEXT MONTH'S REVENUES EXCEED THE NEXT MONTH'S EXPENDITURES PLUS A CASH RESERVE. THE EXCESS RESOURCES MUST BE REMITTED TO THE STATE TREASURER BY THE CLOSE OF BUSINESS ON THE FIFTH BUSINESS DAY OF THE FOLLOWING MONTH. All loans shall be repaid ~~prior to June 27~~ BY JUNE 25 of the state fiscal year in which the loan was made OR ON AN ALTERNATIVE DATE AS DETERMINED BY THE STATE TREASURER.

(b) FOR PURPOSES OF PARAGRAPH (a) OF THIS SUBSECTION (2):

(I) "AVAILABLE RESOURCES" MEANS ANY AVAILABLE CASH AND INVESTMENTS IN DISTRICT FUNDS WHICH CAN BE USED TO ALLEVIATE GENERAL FUND CASH SHORTFALLS INCLUDING, BUT NOT LIMITED TO, THE DISTRICT'S CAPITAL RESERVE AND INSURANCE RESERVE FUNDS. "AVAILABLE RESOURCES" SHALL NOT INCLUDE CASH THAT IS LEGALLY SEGREGATED OR PLEDGED BY CONTRACT OR BY RULE AND REGULATION OF THE STATE BOARD.

(II) "CASH RESERVE" MEANS EIGHT PERCENT OF THE DISTRICT'S AVERAGE MONTHLY EXPENDITURES OR TWENTY THOUSAND DOLLARS, WHICHEVER IS GREATER.

(c) A lien in the amount of any such loan shall attach to any district property tax revenues, EXCEPT FOR BOND REDEMPTION FUND REVENUES, collected during the state fiscal year in which the loan was made, and such lien shall have priority over all other expenditures from such revenues until the loan shall have been repaid in full. The county treasurer of the county in which the headquarters of the district are located shall be jointly responsible with the district for repayment of any loan made pursuant to this section. If a district fails to repay a loan to the state treasurer in accordance with the provisions of this section, the state treasurer shall notify the county treasurer of the county in which the district is located that the district is in default on the loan and the amount of the default. The county treasurer shall withhold any moneys of the district in the county treasurer's possession in an amount equal to the amount of the default and transmit said moneys to the state treasurer. If the amount of moneys of the district in the county treasurer's possession at the time notice of the default is given is less than the amount of the default, the county treasurer shall withhold additional moneys of the district until such time as the default has been completely paid to the state treasurer.

SECTION 2. 22-53-121 (1), Colorado Revised Statutes, 1988 Repl. Vol., is amended to read:

22-53-121. State public school fund. (1) There is hereby created in the office of the state treasurer a fund, SEPARATE FROM THE GENERAL FUND, to be known as the state public school fund. There shall be credited to said fund the net balance of the public school income fund existing as of December 31, 1973, and all distributions from the state public school income fund thereafter made, the state's share of all

moneys received from the federal government pursuant to the provisions of section 34-63-102, C.R.S., and such additional moneys as shall be appropriated by the general assembly which are necessary to meet the total state's share of equalization support, contingency reserve, and additional aid to districts with increased enrollments during the budget year. MONEYS ANNUALLY APPROPRIATED BY THE GENERAL ASSEMBLY SHALL BE TRANSFERRED FROM THE STATE GENERAL FUND AND CREDITED TO THE STATE PUBLIC SCHOOL FUND IN FOUR QUARTERLY INSTALLMENTS ON JULY 1, SEPTEMBER 30, DECEMBER 31, AND MARCH 31 TO ASSURE THE AVAILABILITY OF FUNDS FOR THE REQUIRED DISTRIBUTION OF STATE MONEYS TO SCHOOL DISTRICTS. SUCH QUARTERLY INSTALLMENTS SHALL BE DETERMINED IN ACCORDANCE WITH ESTIMATES PREPARED BY THE DEPARTMENT OF EDUCATION WITH RESPECT TO THE REQUIRED DISTRIBUTION OF STATE MONEYS TO SCHOOL DISTRICTS.

SECTION 3. Effective date. This act shall take effect July 1, 1993.

SECTION 4. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: February 16, 1993