

CHAPTER 342

GOVERNMENT - STATE

HOUSE BILL 03-1274

BY REPRESENTATIVE(S) Mitchell, Borodkin, Carroll, Frangas, Garcia, Hoppe, Madden, Marshall, Paccione, Pommer, Rhodes, Schultheis, Stafford, Stengel, and Vigil;
also SENATOR(S) Arnold.

AN ACT

CONCERNING MODIFICATIONS TO THE PROGRAM UNDER WHICH THE STATE TREASURER MAKES LOANS TO SCHOOL DISTRICTS WITH GENERAL FUND CASH DEFICITS.

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

SECTION 1. 29-15-112, Colorado Revised Statutes, is RECREATED AND REENACTED, WITH AMENDMENTS, to read:

29-15-112. State treasurer may issue tax and revenue anticipation notes for school districts. (1) THE STATE TREASURER IS HEREBY AUTHORIZED TO ISSUE TAX AND REVENUE ANTICIPATION NOTES FOR SCHOOL DISTRICTS IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION FOR THE PURPOSE OF ALLEVIATING TEMPORARY CASH FLOW DEFICITS OF SUCH SCHOOL DISTRICTS BY MAKING INTEREST-FREE LOANS PURSUANT TO SECTION 22-54-110, C.R.S.

(2) IN ADDITION TO POWERS OTHERWISE GRANTED TO THE STATE TREASURER BY LAW, THE STATE TREASURER SHALL HAVE THE FOLLOWING POWERS IN CONNECTION WITH THE ISSUANCE OF TAX AND REVENUE ANTICIPATION NOTES PURSUANT TO THE PROVISIONS OF THIS SECTION:

- (a) TO USE THE SEAL OF THE STATE TREASURER;
- (b) TO ADOPT RESOLUTIONS OR ENTER INTO INDENTURES OF TRUST OR OTHER INSTRUMENTS TO PROVIDE FOR THE ISSUANCE OF THE TAX AND REVENUE ANTICIPATION NOTES;
- (c) TO ENGAGE THE SERVICES OF CONSULTANTS, FINANCIAL ADVISORS, UNDERWRITERS, ATTORNEYS, TRUSTEES, PAYING AGENTS, REGISTRARS, REMARKETING

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

AGENTS, INDEXING AGENTS, DEPOSITARIES, AND OTHER AGENTS WHOSE SERVICES MAY BE REQUIRED IN CONNECTION WITH THE ISSUANCE OF THE TAX AND REVENUE ANTICIPATION NOTES;

(d) TO ENTER INTO CONTRACTS, AGREEMENTS, AND OTHER INSTRUMENTS IN CONNECTION WITH THE ISSUANCE OF THE TAX AND REVENUE ANTICIPATION NOTES, INCLUDING BUT NOT LIMITED TO CONTRACTS WITH PERSONS SPECIFIED IN PARAGRAPH (c) OF THIS SUBSECTION (2), CONTRACTS PROVIDING FOR THE PURCHASE OR REPURCHASE OF THE TAX AND REVENUE ANTICIPATION NOTES, AGREEMENTS WITH SCHOOL DISTRICTS REGARDING THE PAYMENT OF LOANS AND OTHER MATTERS RELATING TO THE ISSUANCE OF THE TAX AND REVENUE ANTICIPATION NOTES, AND INDENTURES OF TRUST OR OTHER INSTRUMENTS PROVIDING FOR THE ISSUANCE OF THE TAX AND REVENUE ANTICIPATION NOTES;

(e) TO PROVIDE CREDIT ENHANCEMENT FOR THE TAX AND REVENUE ANTICIPATION NOTES BY:

(I) ENTERING INTO SUCH AGREEMENTS AS MAY BE NECESSARY TO OBTAIN A CREDIT FACILITY WITH RESPECT TO ANY ISSUE OF NOTES;

(II) PLEDGING TOWARD THE PAYMENT OF THE PREMIUM, IF ANY, AND INTEREST ON THE TAX AND REVENUE ANTICIPATION NOTES MONEYS FROM THE STATE GENERAL FUND IN AN AMOUNT NOT EXCEEDING THE AMOUNT OF THE PREMIUM, IF ANY, AND INTEREST ON SUCH NOTES. THE PROVISIONS OF SECTION 24-75-907 (2) AND (3), C.R.S., THAT RELATE TO THE CREATION OF A RESTRICTED ACCOUNT AND TO LIENS SHALL APPLY TO THE PLEDGE OF SUCH MONEYS; EXCEPT THAT THE RESTRICTED ACCOUNT SHALL NOT EXCEED THE AMOUNT OF THE PREMIUM, IF ANY, AND INTEREST ON THE TAX AND REVENUE ANTICIPATION NOTES; AND

(III) PLEDGING TOWARD THE PAYMENT OF THE PRINCIPAL ON THE TAX AND REVENUE ANTICIPATION NOTES MONEYS IN THE SCHOOL DISTRICT TAX AND REVENUE ANTICIPATION NOTES REPAYMENT ACCOUNT CREATED PURSUANT TO PARAGRAPH (b) OF SUBSECTION (4) OF THIS SECTION.

(f) TO ASSIST A SCHOOL DISTRICT IN DETERMINING WHETHER IT WILL HAVE A CASH FLOW DEFICIT THAT WILL REQUIRE A LOAN PURSUANT TO SECTION 22-54-110, C.R.S., AND TO DETERMINE THE TOTAL AMOUNT OF TAX AND REVENUE ANTICIPATION NOTES THAT SHOULD BE ISSUED ON BEHALF OF THE DISTRICT; AND

(g) TO DO ALL OTHER THINGS NECESSARY AND CONVENIENT IN CONNECTION WITH THE ISSUANCE OF TAX AND REVENUE ANTICIPATION NOTES PURSUANT TO THE PROVISIONS OF THIS SECTION AND WITH THE ESTABLISHMENT OF SCHOOL DISTRICT RESPONSIBILITIES RELATING TO THE TAX AND REVENUE ANTICIPATION NOTES AND COMPLIANCE WITH FEDERAL TAX LAWS AND REGULATIONS.

(3) (a) THE PROCEEDS OF THE TAX AND REVENUE ANTICIPATION NOTES MAY BE USED FOR THE FOLLOWING PURPOSES:

(I) TO MAKE INTEREST-FREE LOANS TO SCHOOL DISTRICTS PURSUANT TO SECTION 22-54-110, C.R.S., TO ALLEVIATE CASH FLOW DEFICITS;

(II) TO PAY THE COSTS OF ISSUING THE TAX AND REVENUE ANTICIPATION NOTES, INCLUDING THE COST OF OBTAINING A CREDIT FACILITY;

(III) TO PAY THE PRINCIPAL, PREMIUM, IF ANY, AND INTEREST RELATED TO THE TAX AND REVENUE ANTICIPATION NOTES; AND

(IV) TO PAY ANY OTHER EXPENSE OR CHARGE INCURRED IN CONNECTION WITH ACTIONS OF THE STATE TREASURER AUTHORIZED BY THE PROVISIONS OF THIS SECTION OR SECTION 22-54-110, C.R.S.

(b) PENDING USE OF THE PROCEEDS OF THE TAX AND REVENUE ANTICIPATION NOTES IN ACCORDANCE WITH PARAGRAPH (a) OF THIS SUBSECTION (3), SUCH PROCEEDS MAY BE INVESTED BY THE STATE TREASURER IN ANY INVESTMENTS THAT ARE LEGAL INVESTMENTS FOR THE STATE OR MAY BE DEPOSITED IN ANY ELIGIBLE PUBLIC DEPOSITORY. THE INCOME FROM ANY SUCH INVESTMENT OR DEPOSIT MAY BE USED FOR THE FOLLOWING PURPOSES:

(I) TO PAY THE COSTS OF ISSUING THE TAX AND REVENUE ANTICIPATION NOTES, INCLUDING THE COST OF OBTAINING A CREDIT FACILITY; AND

(II) TO PAY THE PRINCIPAL, PREMIUM, IF ANY, AND INTEREST RELATED TO THE TAX AND REVENUE ANTICIPATION NOTES.

(4) (a) (I) TAX AND REVENUE ANTICIPATION NOTES ISSUED PURSUANT TO THE PROVISIONS OF THIS SECTION SHALL BE PAYABLE FROM:

(A) ONE OR MORE PAYMENTS BY THE SCHOOL DISTRICT RECEIVING A LOAN FROM THE PROCEEDS FROM SUCH NOTES, WHICH PAYMENT OR PAYMENTS BY THE SCHOOL DISTRICT SHALL BE, IN THE AGGREGATE, SUFFICIENT TO PAY THE PRINCIPAL ON THE TAX AND REVENUE ANTICIPATION NOTES ISSUED TO FUND SUCH LOAN;

(B) ANY MONEYS FROM THE STATE GENERAL FUND THAT ARE PLEDGED PURSUANT TO SUBPARAGRAPH (II) OF PARAGRAPH (e) OF SUBSECTION (2) OF THIS SECTION;

(C) INCOME EARNED FROM ANY INVESTMENT OR DEPOSIT PURSUANT TO PARAGRAPH (b) OF SUBSECTION (3) OF THIS SECTION AND PARAGRAPH (b) OF THIS SUBSECTION (4); AND

(D) IF A DISTRICT FAILS TO FULLY REPAY A LOAN MADE PURSUANT TO SECTION 22-54-110, C.R.S., FROM THE PROCEEDS OF THE TAX AND REVENUE ANTICIPATION NOTES, ANY FUNDS THAT ARE ON HAND OR IN THE CUSTODY OR POSSESSION OF THE STATE TREASURER AND THAT ARE ELIGIBLE FOR INVESTMENT.

(II) THE FINANCIAL OBLIGATION OF THE STATE TREASURER TO PAY THE PRINCIPAL, PREMIUM, IF ANY, AND INTEREST RELATED TO THE TAX AND REVENUE ANTICIPATION NOTES SHALL BE DEEMED DISCHARGED ON ANY DATE ON WHICH MONEYS OR INVESTMENTS IN AN AMOUNT SUFFICIENT FOR THE PAYMENT OF THE PRINCIPAL, PREMIUM, IF ANY, AND INTEREST RELATED TO THE NOTES ON THE DATE OF THEIR FINAL MATURITY IS ON DEPOSIT IN ONE OR MORE SEGREGATED AND RESTRICTED ACCOUNTS THAT ARE PLEDGED IRREVOCABLY FOR SUCH PURPOSE. SUCH SEGREGATED AND RESTRICTED ACCOUNTS SHALL BE THE SCHOOL DISTRICT TAX AND REVENUE

ANTICIPATION NOTES REPAYMENT ACCOUNT OR A SPECIAL ACCOUNT CREATED BY THE CONTROLLER PURSUANT TO SUBPARAGRAPH (II) OF PARAGRAPH (e) OF SUBSECTION (2) OF THIS SECTION OR OTHERWISE CREATED AT THE REQUEST OF THE STATE TREASURER. FOLLOWING SUCH DEPOSIT, THE PRINCIPAL, PREMIUM, IF ANY, AND INTEREST RELATED TO THE NOTES SHALL BE PAYABLE SOLELY FROM THE SEGREGATED AND RESTRICTED ACCOUNTS WITHOUT FURTHER FINANCIAL OBLIGATION WHATSOEVER OF THE STATE TREASURER OR THE STATE. ANY MONEYS IN THE SEGREGATED AND RESTRICTED ACCOUNTS, PENDING USE FOR THEIR INTENDED PURPOSE, MAY BE INVESTED OR REINVESTED ONLY IN SECURITIES MEETING THE INVESTMENT REQUIREMENTS ESTABLISHED IN PART 6 OF ARTICLE 75 OF TITLE 24, C.R.S., AS SUCH INVESTMENT REQUIREMENTS MAY OTHERWISE BE LIMITED PURSUANT TO THE TERMS OF THE RESOLUTION, INDENTURE OF TRUST, OR OTHER INSTRUMENT PROVIDING FOR THE ISSUANCE OF THE NOTES.

(b) THERE IS HEREBY CREATED IN THE GENERAL FUND AN ACCOUNT THAT SHALL BE KNOWN AS THE SCHOOL DISTRICT TAX AND REVENUE ANTICIPATION NOTES REPAYMENT ACCOUNT. ALL PAYMENTS RECEIVED FROM SCHOOL DISTRICTS PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (4) SHALL BE DEPOSITED BY THE STATE TREASURER IN THE SCHOOL DISTRICT TAX AND REVENUE ANTICIPATION NOTES REPAYMENT ACCOUNT AND MAY BE INVESTED BY THE STATE TREASURER IN ANY INVESTMENTS THAT ARE LEGAL INVESTMENTS FOR THE STATE OR MAY BE DEPOSITED IN ANY ELIGIBLE PUBLIC DEPOSITORY. ALL MONEYS IN THE ACCOUNT THAT ARE NOT IN EXCESS OF THE AMOUNT REQUIRED TO PAY THE PRINCIPAL, PREMIUM, IF ANY, AND INTEREST RELATED TO THE TAX AND REVENUE ANTICIPATION NOTES ARE PLEDGED IRREVOCABLY AND SHALL BE USED FOR THE PURPOSE OF PAYING THE PRINCIPAL, PREMIUM, IF ANY, AND INTEREST RELATED TO THE TAX AND REVENUE ANTICIPATION NOTES FOR NO OTHER PURPOSE.

(5) (a) TAX AND REVENUE ANTICIPATION NOTES ISSUED BY THE STATE TREASURER PURSUANT TO THE PROVISIONS OF THIS SECTION SHALL BE ISSUED PURSUANT TO A RESOLUTION OR OTHER AUTHORIZING INSTRUMENT OF THE STATE TREASURER. NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE TO THE CONTRARY, SUCH NOTES MAY BE ISSUED IN SUCH AGGREGATE PRINCIPAL AMOUNT, MAY BE ISSUED IN ONE OR MORE SERIES, MAY BEAR SUCH DATES, MAY BE IN SUCH DENOMINATION, MAY MATURE IN SUCH AMOUNT, MAY BEAR INTEREST AT SUCH RATE, MAY BE IN SUCH FORM, MAY BE PAYABLE AT SUCH PLACE, AND MAY BE SUBJECT TO SUCH TERMS OF REDEMPTION WITH OR WITHOUT A PREMIUM AS THE STATE TREASURER BY RESOLUTION OR OTHER AUTHORIZING INSTRUMENT MAY PROVIDE. THE RATE OF INTEREST BORNE BY THE TAX AND REVENUE ANTICIPATION NOTES MAY BE FIXED, ADJUSTABLE, OR VARIABLE OR ANY COMBINATION THEREOF. IF ANY RATE IS ADJUSTABLE OR VARIABLE, THE STANDARD, INDEX, METHOD, OR FORMULA PURSUANT TO WHICH SUCH RATE IS TO BE FROM TIME TO TIME DETERMINED SHALL BE SET FORTH IN THE RESOLUTION OR OTHER AUTHORIZING INSTRUMENT OF THE STATE TREASURER. SUCH RESOLUTION OR OTHER AUTHORIZING INSTRUMENT MAY ALSO INCLUDE A DELEGATION OF AUTHORITY TO AN AGENT ACTING FOR AND ON BEHALF OF THE STATE TREASURER TO DETERMINE A RATE WITHIN PARAMETERS, INCLUDING A MAXIMUM INTEREST RATE, PRESCRIBED BY THE STATE TREASURER. TAX AND REVENUE ANTICIPATION NOTES ISSUED PURSUANT TO THE PROVISIONS OF THIS SECTION MAY BE SOLD AT PUBLIC OR PRIVATE SALE AND MAY BE SOLD AT, ABOVE, OR BELOW THE PRINCIPAL AMOUNTS THEREOF.

(b) THE TAX AND REVENUE ANTICIPATION NOTES SHALL MATURE ON ANY DATE OR DATES OCCURRING ON OR BEFORE AUGUST 31 OF THE FISCAL YEAR IMMEDIATELY FOLLOWING THE FISCAL YEAR IN WHICH THE NOTES ARE ISSUED. IN THE EVENT THAT THE TAX AND REVENUE ANTICIPATION NOTES HAVE A DATE OF MATURITY THAT IS AFTER THE END OF THE FISCAL YEAR IN WHICH THE NOTES ARE ISSUED, ON OR BEFORE THE FINAL DAY OF THE FISCAL YEAR IN WHICH THE NOTES ARE ISSUED THERE SHALL BE DEPOSITED IN ONE OR MORE SPECIAL SEGREGATED AND RESTRICTED ACCOUNTS AND PLEDGED IRREVOCABLY TO THE PAYMENT OF THE NOTES AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL, PREMIUM, IF ANY, AND INTEREST RELATED TO THE NOTES ON THEIR STATED MATURITY DATE.

(6) (a) TAX AND REVENUE ANTICIPATION NOTES ISSUED PURSUANT TO THE PROVISIONS OF THIS SECTION SHALL BE SIGNED BY THE STATE TREASURER AND COUNTERSIGNED BY THE DEPUTY STATE TREASURER, AND THE SEAL OF THE STATE TREASURER SHALL BE AFFIXED THERETO.

(b) PURSUANT TO ARTICLE 55 OF TITLE 11, C.R.S., ANY SIGNATURE REQUIRED BY PARAGRAPH (a) OF THIS SUBSECTION (6) MAY BE A FACSIMILE SIGNATURE IMPRINTED, ENGRAVED, STAMPED, OR OTHERWISE PLACED ON THE TAX AND REVENUE ANTICIPATION NOTES. IF ALL SIGNATURES OF PUBLIC OFFICIALS ON THE TAX AND REVENUE ANTICIPATION NOTES ARE FACSIMILE SIGNATURES, PROVISIONS SHALL BE MADE FOR A MANUAL AUTHENTICATING SIGNATURE ON THE TAX AND REVENUE ANTICIPATION NOTES BY OR ON BEHALF OF A DESIGNATED AUTHENTICATING AGENT. IF AN OFFICIAL CEASES TO HOLD OFFICE BEFORE DELIVERY OF THE TAX AND REVENUE ANTICIPATION NOTES SIGNED BY SUCH OFFICIAL, THE SIGNATURE OR FACSIMILE SIGNATURE OF THE OFFICIAL IS NEVERTHELESS VALID AND SUFFICIENT FOR ALL PURPOSES. A FACSIMILE OF THE SEAL OF THE STATE TREASURER MAY BE IMPRINTED, ENGRAVED, STAMPED, OR OTHERWISE PLACED ON THE NOTES.

(7) TAX AND REVENUE ANTICIPATION NOTES ISSUED PURSUANT TO THE PROVISIONS OF THIS SECTION SHALL BE PAYABLE SOLELY FROM THE REVENUES PLEDGED THERETO, AND THE OWNERS OR HOLDERS OF THE NOTES MAY NOT LOOK TO ANY OTHER SOURCE FOR REPAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE NOTES. SUCH TAX AND REVENUE ANTICIPATION NOTES SHALL NOT CONSTITUTE A DEBT OR AN INDEBTEDNESS OF THE STATE OR ANY SCHOOL DISTRICT WITHIN THE MEANING OF ANY APPLICABLE PROVISION OF THE STATE CONSTITUTION OR STATE STATUTES.

(8) ANY TAX AND REVENUE ANTICIPATION NOTES ISSUED PURSUANT TO THE PROVISIONS OF THIS SECTION SHALL CONSTITUTE A CONTRACT BETWEEN THE STATE TREASURER AND THE OWNER OR HOLDER THEREOF, AND NEITHER THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS SHALL TAKE ANY ACTION IMPAIRING SUCH CONTRACT.

(9) THE TAX AND REVENUE ANTICIPATION NOTES ISSUED PURSUANT TO THE PROVISIONS OF THIS SECTION SHALL BE EXEMPT FROM ALL STATE, COUNTY, MUNICIPAL, SCHOOL, AND OTHER TAXES IMPOSED BY ANY TAXING AUTHORITY OF THE STATE OF COLORADO.

SECTION 2. 22-54-110 (1) (a) and (1) (a.5), Colorado Revised Statutes, as amended by House Bill 03-1032, enacted at the First Regular Session of the Sixty-fourth General Assembly, are amended, and the said 22-54-110 (1) is further amended BY THE ADDITION OF THE FOLLOWING NEW PARAGRAPHS, to

read:

22-54-110. Loans to alleviate cash flow deficits. (1) (a) (I) Upon approval by the state treasurer of an application to participate in an interest-free OR LOW-INTEREST loan program submitted by a district pursuant to paragraph (a.5) of this subsection (1), the state treasurer shall make available to such district in any month of the budget year an interest-free OR LOW-INTEREST loan from the state general fund OR THE PROCEEDS OF THE TAX AND REVENUE ANTICIPATION NOTES ISSUED PURSUANT TO SECTION 29-15-112, C.R.S., in an amount for the month as certified by the chief financial officer and the superintendent of the district.

(II) 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~~ THROUGH THE SUBMISSION OF ANY ACTUAL OR PROJECTED FINANCIAL OR BUDGETARY STATEMENTS REQUIRED BY THE STATE TREASURER that a general fund cash deficit will exist for that month, AND THAT THE DISTRICT HAS THE CAPACITY TO REPAY THE LOAN BY JUNE 25TH OF THE STATE FISCAL YEAR IN WHICH THE LOAN SHALL BE MADE. THIS SUBPARAGRAPH (II) SHALL APPLY TO A LOAN MADE FROM THE STATE GENERAL FUND OR THE PROCEEDS OF THE TAX AND REVENUE ANTICIPATION NOTES ISSUED PURSUANT TO SECTION 29-15-112, C.R.S.

(a.5) A district that chooses to participate in the interest-free OR LOW-INTEREST loan program shall submit an application to the state treasurer. On and after the effective date of this paragraph (a.5), a district's initial application to participate in the interest-free OR LOW-INTEREST loan program shall be subject to approval by a resolution adopted by the district board of education as follows:

(I) For a month in which the district seeks ~~a~~ AN EMERGENCY loan PURSUANT TO PARAGRAPH (d) OF THIS SUBSECTION (1), the chief financial officer of the district and the district superintendent shall present the EMERGENCY loan request to the district board of education, explaining the need for the EMERGENCY loan and the requested amount. The district board of education, by majority vote, shall approve or disapprove the EMERGENCY loan request and the amount. If the district board of education approves the EMERGENCY loan request, the chief financial officer and the district superintendent shall request the EMERGENCY loan from and certify the amount of the EMERGENCY loan to, as approved by the district board of education, the state treasurer as provided in paragraph (a) of this subsection (1).

(II) IF, IN ORDER TO RECEIVE AN INTEREST-FREE LOAN, A DISTRICT SEEKS TO HAVE TAX AND REVENUE ANTICIPATION NOTES ISSUED ON ITS BEHALF PURSUANT TO SECTION 29-15-112, C.R.S., THE CHIEF FINANCIAL OFFICER OF THE DISTRICT AND THE DISTRICT SUPERINTENDENT SHALL PRESENT A REQUEST TO THE DISTRICT BOARD OF EDUCATION TO PARTICIPATE IN THE INTEREST-FREE LOAN PROGRAM AND TO HAVE TAX AND REVENUE ANTICIPATION NOTES ISSUED ON ITS BEHALF. SUCH REQUEST SHALL EXPLAIN THE DISTRICT'S ANTICIPATED CASH FLOW DEFICIT FOR THE UPCOMING CALENDAR YEAR AND THE TOTAL AMOUNT OF TAX AND REVENUE ANTICIPATION NOTES THAT NEED TO BE ISSUED ON ITS BEHALF TO COVER SUCH DEFICIT. THE DISTRICT BOARD OF EDUCATION, BY MAJORITY VOTE, SHALL APPROVE OR DISAPPROVE THE PARTICIPATION IN THE INTEREST-FREE LOAN PROGRAM AND THE AMOUNT OF TAX ANTICIPATION AND

REVENUE NOTES THAT SHALL BE ISSUED ON BEHALF OF THE DISTRICT. IF THE DISTRICT BOARD OF EDUCATION APPROVES THE PARTICIPATION IN THE INTEREST-FREE LOAN PROGRAM AND THE ISSUANCE OF TAX AND REVENUE ANTICIPATION NOTES, THE CHIEF FINANCIAL OFFICER AND THE DISTRICT SUPERINTENDENT SHALL CERTIFY TO THE STATE TREASURER THE AMOUNT OF THE TAX AND REVENUE NOTES, AS APPROVED BY THE DISTRICT BOARD OF EDUCATION, THAT SHALL BE ISSUED ON BEHALF OF THE DISTRICT. THEREAFTER, A DISTRICT SHALL NOT BE REQUIRED TO RECEIVE APPROVAL FOR AN INTEREST-FREE LOAN MADE FROM THE PROCEEDS OF THE TAX AND REVENUE ANTICIPATION NOTES THAT RECEIVED PRIOR APPROVAL BY THE DISTRICT BOARD OF EDUCATION.

(c) EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPH (d) OF THIS SUBSECTION (1), ALL LOANS TO A DISTRICT SHALL BE MADE FROM THE PROCEEDS OF THE TAX AND REVENUE ANTICIPATION NOTES ISSUED PURSUANT TO SECTION 29-15-112, C.R.S.

(d) IF THE AMOUNT OF THE TAX AND REVENUE ANTICIPATION NOTES, IF ANY, ISSUED ON BEHALF OF A DISTRICT AS DETERMINED BY THE STATE TREASURER PURSUANT TO SECTION 29-15-112 (2) (f), C.R.S., IS NOT SUFFICIENT TO COVER A DISTRICT'S CASH DEFICIT, THEN THE STATE TREASURER MAY, IN HIS OR HER DISCRETION, MAKE AVAILABLE TO SUCH DISTRICT AN EMERGENCY LOAN FROM THE STATE GENERAL FUND. THE EMERGENCY LOAN SHALL ACCRUE INTEREST AT THE SAME RATE AS THE RATE OF INTEREST PAID BY THE STATE TREASURER ON NOTES ISSUED BY THE STATE PURSUANT TO PART 9 OF ARTICLE 75 OF TITLE 24, C.R.S.

SECTION 3. 22-54-110 (2) (a), (2) (c), and (3), Colorado Revised Statutes, are amended to read:

22-54-110. Loans to alleviate cash flow deficits. (2) (a) For the months of March, April, and May of each budget year, any district receiving a loan under the provisions of PARAGRAPH (d) OF SUBSECTION (1) OF this section shall begin to repay such loan 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 fifteenth day, or the first business day following the fifteenth day, of the following month. All loans shall be repaid by June 25 of the state fiscal year in which the loan was made or on ~~an~~ A LATER alternative date as determined by the state treasurer.

(c) A lien in the amount of any such loan, PLUS ANY INTEREST SPECIFIED IN PARAGRAPH (a.7) OF THIS SUBSECTION (2), 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, PLUS ANY INTEREST SPECIFIED IN PARAGRAPH (a.7) OF THIS SUBSECTION (2). 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, PLUS ANY INTEREST SPECIFIED IN PARAGRAPH (a.7) OF THIS SUBSECTION (2). 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, PLUS ANY INTEREST SPECIFIED IN PARAGRAPH (a.7) OF THIS SUBSECTION (2), 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, PLUS ANY INTEREST SPECIFIED IN PARAGRAPH (a.7) OF THIS SUBSECTION (2), has been completely paid to the state treasurer.

(3) The state treasurer shall consult with the department of education concerning the administration of the loan program under this section in order to assure that it is implemented in a manner ~~which~~ THAT will minimize the ~~loss of interest to the general fund caused by the loan of moneys to districts in order to alleviate cash flow management problems~~ AMOUNT OF EMERGENCY LOANS NEEDED BY EACH DISTRICT.

SECTION 4. 22-54-110 (2), Colorado Revised Statutes, is amended BY THE ADDITION OF THE FOLLOWING NEW PARAGRAPHS to read:

22-54-110. Loans to alleviate cash flow deficits. (2) (a.5) FOR THE MONTHS OF MARCH, APRIL, AND MAY OF EACH BUDGET YEAR, ANY DISTRICT RECEIVING A LOAN UNDER THE PROVISIONS OF PARAGRAPH (c) OF SUBSECTION (1) OF THIS SECTION SHALL BEGIN TO REPAY SUCH LOAN AS ESTABLISHED BY THE DISTRICT'S AGREEMENT WITH THE STATE TREASURER. ALL LOANS SHALL BE REPAYED BY JUNE 25 OF THE STATE FISCAL YEAR IN WHICH THE LOAN WAS MADE OR ON A LATER ALTERNATIVE DATE AS DETERMINED BY THE STATE TREASURER.

(a.7) IF A DISTRICT DEFAULTS ON A LOAN THAT IS MADE FROM THE PROCEEDS OF THE TAX AND REVENUE ANTICIPATION NOTES ISSUED PURSUANT TO SECTION 29-15-112, C.R.S., BY FAILING TO REPAY THE LOAN ON OR BEFORE THE DATE REQUIRED, INTEREST SHALL ACCRUE ON THE UNPAID BALANCE FROM THE DATE OF DEFAULT UNTIL THE LOAN IS REPAYED IN AN AMOUNT THAT IS EQUAL TO THE INTEREST PAID BY THE STATE TREASURER ON NOTES ISSUED BY THE STATE PURSUANT TO PART 9 OF ARTICLE 75 OF TITLE 24, C.R.S.

SECTION 5. Effective date. This act shall take effect July 1, 2003.

SECTION 6. 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: June 3, 2003