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Legislative Council Staff
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Be it Enacted by the People of the State of Colorado:

SECTION 1. Legislative Declaration. The people of the State of Colorado find and declare that:

(1) A strong system of public education is required by the state constitution, and creates the foundation for individual opportunity, strong communities, a well-prepared workforce, a vibrant democracy, and a thriving, resilient economy;

(2) Colorado voters recognize that to approach those goals, public schools need appropriate resources to meet the needs of Colorado's diverse students;

(3) Colorado has not been able to provide those resources, having fallen behind inflation and enrollment growth since 2009 by \$571 million in the 2021-22 school year alone, and by \$9.7 billion in the past 13 years. Likewise, Colorado's average per pupil student funding is \$2,200 behind the national average, according to the National Center for Education Statistics;

(4) The impact of the COVID-19 pandemic has only widened the gaps between what Colorado students need and what is available to them, especially in light of Colorado's geographic and demographic diversity. Since March of 2020, school districts have been required to transform the delivery of education, make continual staffing and technology adjustments, address the mental and physical health needs of their students and educators, and overcome the impact of lost time and engagement;

(5) While federal COVID relief funds have helped set the stage for recovery from COVID, those one-time dollars must be spent for prescribed purposes by the end of 2024. At the same time, state funding for schools in 2024 will be restricted by a structural deficit, as a result of constitutional limits on spending that can only be lifted by the voters. Without such a vote, students will be harmed by significant cuts;

(6) The people further declare that the most effective way to start reversing this unacceptable decline in Colorado's support for its public schools, and the children and youth attending its public schools, is to immediately dedicate an additional specified minimum percentage of state revenue, without raising taxes, to the state's public schools;

(7) Without raising taxes, these additional ongoing dollars will allow districts to support students and staff and will help them regain stability within communities and build programs and supports for students who have suffered from the long-term disruptions, hardships and challenges resulting from the COVID pandemic and its aftermath; and

(8) In connection with such additional dedication of revenue, the people are entitled to full accountability from the state regarding the specific uses and applications to which such additional revenue is applied, and the manner in which the dollars have supplemented, rather than supplanted, existing state school funding expenditures. This annual reporting should occur

as a part of the current process for the annual report of the state education fund to the Joint Budget Committee and state legislature.

SECTION 2. In Colorado Revised Statutes, 22-55-102, **amend** (13) as follows:

22-55-102. Definitions. (13) “State education fund revenues” means revenues collected from a tax of one-third of one percent on federal taxable income, as modified by law, of every individual, estate, trust, and corporation, as defined in law, that are required to be transferred to the state education fund pursuant to section 17 (4)(a) of article IX of the state constitution. “STATE EDUCATION FUND REVENUES” SHALL ALSO INCLUDE REVENUES COLLECTED AND REQUIRED TO BE DEPOSITED IN THE STATE EDUCATION FUND PURSUANT TO SECTION 22-55-102.3, C.R.S.

SECTION 3. In Colorado Revised Statutes, **add** 22-55-102.3 as follows:

22-55-102.3. Additional dedication of revenues to state education fund. (1) COMMENCING ON JANUARY 1, 2023, IN ADDITION TO THE REVENUES REQUIRED BY SECTION 17(4) OF ARTICLE IX OF THE STATE CONSTITUTION TO BE DEPOSITED IN THE STATE EDUCATION FUND, AN ADDITIONAL AMOUNT OF STATE REVENUE EQUAL TO ONE-THIRD OF ONE PERCENT ON ALL FEDERAL TAXABLE INCOME, AS MODIFIED BY LAW, OF EVERY INDIVIDUAL, ESTATE, TRUST, AND CORPORATION, AS DEFINED BY LAW, SHALL BE DEPOSITED IN THE STATE EDUCATION FUND.

(2) THE REVENUE DEPOSITED IN THE STATE EDUCATION FUND PURSUANT TO SUBSECTION (1) OF THIS SECTION, TO THE EXTENT NOT OTHERWISE SUBJECT TO THE EXEMPTIONS SPECIFIED IN SECTION 22-55-103(5), C.R.S., MAY BE COLLECTED, RETAINED, DEPOSITED IN THE STATE EDUCATION FUND, AND APPROPRIATED AND SPENT BY THE STATE GOVERNMENT AND LOCAL SCHOOL DISTRICTS FOR THE PURPOSES SPECIFIED IN SECTION 17(4)(B) OF ARTICLE IX OF THE STATE CONSTITUTION AS A VOTER-APPROVED REVENUE CHANGE UNDER SECTION 20(7)(D) OF ARTICLE X OF THE STATE CONSTITUTION.

(3) MONIES DEPOSITED IN AND APPROPRIATED FROM THE STATE EDUCATION FUND PURSUANT TO THIS SECTION SHALL BE USED TO SUPPLEMENT, AND NOT SUPPLANT, THE LEVEL OF GENERAL FUND AND STATE EDUCATION FUND APPROPRIATIONS EXISTING ON THE EFFECTIVE DATE OF THIS SECTION.

(4) THE LEGISLATIVE COUNCIL OF THE GENERAL ASSEMBLY SHALL REPORT TO THE PUBLIC ON AN ANNUAL BASIS THE ADDITIONAL AMOUNT OF STATE REVENUE DEPOSITED IN THE STATE EDUCATION FUND PURSUANT TO THE REQUIREMENTS OF THIS SECTION, TOGETHER WITH THE SPECIFIC USES FOR WHICH SUCH ADDITIONAL REVENUE HAS BEEN APPLIED, DEDICATED, AND DISTRIBUTED.

SECTION 4. Effective date. This act takes effect January 1, 2023.