

**First Regular Session
Seventy-third General Assembly
STATE OF COLORADO**

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 21-0128.04 Julie Pelegrin x2700

HOUSE BILL 21-1164

HOUSE SPONSORSHIP

Esgar and Garnett,

SENATE SPONSORSHIP

Zenzinger and Fenberg,

House Committees

Education
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING REDUCTIONS IN THE PROPERTY TAX CREDITS THAT**
102 **APPLY TO SCHOOL DISTRICTS' TOTAL PROGRAM MILL LEVIES**
103 **FOR PURPOSES OF FUNDING THE "PUBLIC SCHOOL FINANCE ACT**
104 **OF 1994".**

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>.)

For the 2020 property tax year, the existing statute corrects the total program mill levies for school districts that are not subject to constitutional property tax revenue restrictions but whose mill levies were

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

HOUSE
Amended 2nd Reading
March 12, 2021

erroneously reduced. Each school district that levies a higher number of mills as a result of the correction must grant a tax credit for the number of mills by which the levy is increased.

The bill requires the department of education to adopt a correction schedule to begin phasing out the tax credits in the 2021 property tax year. The correction schedule must apply consistently to each affected school district; must require each district's tax credit to phase out as quickly as possible, but by no more than one mill per year; and must ensure that the tax credits are fully phased out in 19 years.

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

2 **SECTION 1.** In Colorado Revised Statutes, 22-54-106, **amend**
3 (2.1)(a) and (2.1)(d) as follows:

4 **22-54-106. Local and state shares of district total program -**
5 **legislative declaration - definition - repeal.** (2.1) (a) (I) The general
6 assembly finds that, for property tax years 1994 through 2006, subsection
7 (2)(a)(III) of this section, as it existed before May 9, 2007, was wrongly
8 interpreted and applied to reduce several districts' property tax mill levies
9 to the number of mills that a district could levy under the property tax
10 revenue limitation imposed by section 20 of article X of the state
11 constitution, even though the district had obtained voter approval to retain
12 and spend revenue in excess of that property tax revenue limitation. The
13 general assembly finds, therefore, that the reductions in district mill levies
14 for property tax years 1994 through 2006 were not authorized by statute
15 and are void for purposes of determining a district's correct mill levy
16 pursuant to this subsection (2.1) for the 2020 property tax year and
17 property tax years thereafter, and the determination and levy of the correct
18 number of mills that a district is required to levy pursuant to this
19 subsection (2.1) does not require action by the district other than to certify
20 the mill levy.

1 (II) THE GENERAL ASSEMBLY FURTHER FINDS THAT IMMEDIATELY
2 CORRECTING THE UNAUTHORIZED REDUCTIONS IN MILL LEVIES BY
3 RESTORING THE DISTRICT TOTAL PROGRAM MILL LEVIES TO THE CORRECT
4 NUMBERS OF MILLS WITHOUT AWARDING A PROPERTY TAX CREDIT WOULD
5 WORK AN UNACCEPTABLE HARDSHIP ON DISTRICT TAXPAYERS. THE
6 GENERAL ASSEMBLY FINDS, THEREFORE, THAT IT IS APPROPRIATE TO
7 CORRECT THE UNAUTHORIZED REDUCTIONS IN MILL LEVIES BY REQUIRING
8 THE DEPARTMENT OF EDUCATION TO ADOPT A CORRECTION SCHEDULE BY
9 WHICH DISTRICTS MUST REDUCE THE PROPERTY TAX CREDIT AWARDED
10 PURSUANT TO SUBSECTION (2.1)(d) OF THIS SECTION AND THEREBY GIVE
11 FULL EFFECT TO THE RESTORATION OF THE CORRECT NUMBER OF MILLS.

12 (d) (I) ~~In a property tax year in which~~ FOR THE 2020 PROPERTY
13 TAX YEAR, IF a district, pursuant to this subsection (2.1), is required to
14 levy a greater number of mills than it levied in the 2019 property tax year,
15 the district board of education by resolution shall grant a temporary
16 property tax credit equal to the number of mills levied in the applicable
17 property tax year that exceeds the number of mills levied in the 2019
18 property tax year.

19 (II) BEGINNING IN THE 2021 PROPERTY TAX YEAR AND FOR EACH
20 PROPERTY TAX YEAR THEREAFTER THROUGH THE 2039 PROPERTY TAX
21 YEAR, IF A DISTRICT, PURSUANT TO SUBSECTION (2.1)(c) OF THIS SECTION,
22 IS REQUIRED TO LEVY A GREATER NUMBER OF MILLS THAN IT LEVIED IN
23 THE 2019 PROPERTY TAX YEAR, THE SCHOOL DISTRICT BOARD OF
24 EDUCATION SHALL GRANT A TEMPORARY PROPERTY TAX CREDIT EQUAL TO
25 THE NUMBER OF MILLS REQUIRED FOR THE APPLICABLE PROPERTY TAX
26 YEAR BY THE CORRECTION SCHEDULE ADOPTED BY THE DEPARTMENT OF
27 EDUCATION PURSUANT TO SUBSECTION (2.1)(d)(III) OF THIS SECTION.

1 (III) THE DEPARTMENT OF EDUCATION SHALL ADOPT A
2 CORRECTION SCHEDULE TO INCREMENTALLY REDUCE THE TEMPORARY
3 PROPERTY TAX CREDITS REQUIRED IN THIS SUBSECTION (2.1)(d)
4 BEGINNING IN THE 2021 PROPERTY TAX YEAR. THE CORRECTION SCHEDULE
5 MUST APPLY IN THE SAME MANNER TO EACH DISTRICT AND MUST ENSURE
6 THAT:

7 (A) EACH DISTRICT IS REQUIRED TO REDUCE ITS TEMPORARY
8 PROPERTY TAX CREDIT AS QUICKLY AS POSSIBLE BUT BY NO MORE THAN
9 ONE MILL EACH PROPERTY TAX YEAR; AND

10 (B) BY THE 2040 PROPERTY TAX YEAR, EACH DISTRICT IS LEVYING
11 THE NUMBER OF MILLS REQUIRED IN SUBSECTION (2.1)(c) OF THIS SECTION
12 WITHOUT GRANTING A TEMPORARY PROPERTY TAX CREDIT.

13 (IV) BEGINNING IN THE 2021-22 BUDGET YEAR AND FOR EACH
14 BUDGET YEAR THEREAFTER UNTIL THE GENERAL ASSEMBLY DETERMINES
15 THAT THE STABILIZATION OF THE STATE BUDGET NO LONGER REQUIRES A
16 REDUCTION IN THE AMOUNT OF THE ANNUAL APPROPRIATION TO FUND THE
17 STATE'S SHARE OF TOTAL PROGRAM, THE GENERAL ASSEMBLY SHALL
18 ENSURE THAT ANY AMOUNT OF SAVINGS TO THE STATE SHARE OF TOTAL
19 PROGRAM THAT OCCURS AS A RESULT OF THE DECREASE IN THE DISTRICT
20 PROPERTY TAX CREDITS PURSUANT TO SUBSECTIONS (2.1)(d)(II) AND
21 (2.1)(d)(III) OF THIS SECTION CONTINUES TO BE APPROPRIATED AS A
22 PORTION OF THE STATE SHARE OF TOTAL PROGRAM PURSUANT TO THIS
23 SECTION.

24 **SECTION 2. Safety clause.** The general assembly hereby finds,
25 determines, and declares that this act is necessary for the immediate
26 preservation of the public peace, health, or safety.