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APR 05 2013

**ELECTIONS/LICENSING
SECRETARY OF STATE**

S. WARD 2:30 P.M.

**Initiative 34
FINAL DRAFT**

Public School Finance

Be it Enacted by the People of the State of Colorado:

SECTION 1. In the constitution of the state of Colorado, section 17 of article IX, **add** (6); and **repeal and reenact**, with amendments, (5) as follows:

Section 17. Education – funding.

(5) MAINTENANCE OF EFFORT. ALL REVENUES DEPOSITED IN THE STATE EDUCATION FUND PURSUANT TO SUBSECTION (6) OF THIS SECTION SHALL BE APPROPRIATED FROM THE GENERAL FUND BY THE GENERAL ASSEMBLY ONLY FOR THE COSTS OF PUBLIC EDUCATION FROM PRESCHOOL THROUGH TWELFTH GRADE IN ACCORDANCE WITH PARAGRAPHS (a) AND (b) OF SUBSECTION (4) OF THIS SECTION AND SHALL BE IN ADDITION TO AND NOT A SUBSTITUTE FOR MONEYS OTHERWISE APPROPRIATED BY THE GENERAL ASSEMBLY FOR THE COSTS OF PUBLIC EDUCATION FROM PRESCHOOL THROUGH TWELFTH GRADE, THE AMOUNT OF WHICH APPROPRIATION SHALL NOT BE LESS THAN THE AMOUNT OF GENERAL FUND APPROPRIATED FOR SUCH PURPOSES FOR FISCAL YEAR 2012-13 ADJUSTED ANNUALLY BY THE AGGREGATE ANNUAL PERCENTAGE CHANGE IN STUDENT ENROLLMENT, AS DESCRIBED IN ARTICLE X, SECTION 20 OF THIS CONSTITUTION, AS DETERMINED FOR ALL SCHOOL DISTRICTS IN THE STATE.

(6) INCOME TAX INCREMENT FOR PUBLIC SCHOOL FUNDING. (a) PERSONAL INCOME SHALL BE TAXED AT VOTER-APPROVED RATES BASED ON FEDERAL TAXABLE INCOME AS MODIFIED BY 39-22-104(2), C.R.S., AS AMENDED, NOTWITHSTANDING ANY ELEMENT OF PARAGRAPH (a) OF SUBSECTION 8 OF SECTION 20 OF ARTICLE X OF THIS CONSTITUTION OR ANY OTHER PROVISION OF LAW TO THE CONTRARY.

(b) WITH RESPECT TO TAXABLE YEARS COMMENCING ON OR AFTER JANUARY 1, 2014, A TAX IS IMPOSED ON FEDERAL TAXABLE INCOME FOR INDIVIDUALS FILING A JOINT RETURN, AS DETERMINED PURSUANT TO SECTION 63 OF THE INTERNAL REVENUE CODE, AS AMENDED, AS MODIFIED BY 39-22-104(2), C.R.S., AS AMENDED, AT THE FOLLOWING RATES:

(I) UP TO AND INCLUDING ONE-HUNDRED-THOUSAND DOLLARS, AT THE RATE OF FIVE PERCENT;

(II) OVER ONE-HUNDRED-THOUSAND DOLLARS, AT THE RATE OF FIVE AND NINETY-HUNDREDTHS PERCENT.

(c) WITH RESPECT TO TAXABLE YEARS COMMENCING ON OR AFTER JANUARY 1, 2014, A TAX IS IMPOSED ON FEDERAL TAXABLE INCOME FOR INDIVIDUALS FILING AS A SINGLE TAXPAYER OR AS A HEAD OF HOUSEHOLD, AS DETERMINED PURSUANT TO SECTION 63 OF THE INTERNAL REVENUE CODE, AS AMENDED, AS MODIFIED BY 39-22-104(2), C.R.S., AS AMENDED, AT THE FOLLOWING RATES:

(I) UP TO AND INCLUDING SEVENTY-THOUSAND-DOLLARS, AT THE RATE OF FIVE PERCENT;

(II) OVER SEVENTY-FIVE THOUSAND DOLLARS, AT THE RATE OF FIVE AND NINETY-HUNDREDTHS PERCENT.

(d) THE INCOME TIERS SET FORTH IN PARAGRAPHS (b) AND (c) OF SUBSECTION (6) OF THIS SECTION MAY BE ADJUSTED FOR INFLATION BY THE GENERAL ASSEMBLY, ACCORDING TO AN INDEX IT APPROVES FOR SUCH PURPOSE, NOTWITHSTANDING EITHER SECTION 20 OF ARTICLE X OF THE CONSTITUTION OR PARAGRAPH (b) OF SUBSECTION (2) OF THIS SECTION.

(e) THE DEPARTMENT OF REVENUE OR ITS SUCCESSOR AGENCY SHALL ANNUALLY DETERMINE THE AMOUNT OF TAX REVENUE COLLECTED THAT IS ATTRIBUTABLE TO VOTER-APPROVED TAX RATE CHANGES ABOVE THE INCOME TAX RATE OF FOUR AND SIXTY-THREE HUNDREDTHS PERCENT, AS SET FORTH IN THIS SUBSECTION (6). SUCH AMOUNTS SHALL BE DEPOSITED IN THE STATE EDUCATION FUND CREATED IN SUBSECTION (4) OF THIS SECTION.

(f) ALL REVENUES COLLECTED AS SET FORTH IN THIS SUBSECTION (6) SHALL BE COLLECTED AND SPENT AS A VOTER-APPROVED REVENUE CHANGE WITHOUT REGARD TO ANY LIMITATION ON REVENUE, SPENDING, OR APPROPRIATIONS, CONTAINED IN SECTION 20 OF ARTICLE X OF THIS CONSTITUTION OR ANY OTHER LAW. SPENDING OF SUCH REVENUE, CONSISTENT WITH THE EXPRESSED INTENTION OF THE VOTERS AT THE 2013 ELECTION, SHALL REQUIRE NO ADDITIONAL VOTER APPROVAL AT ANY STATE OR LOCAL ELECTION.

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