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**Initiative 37
ORIGINAL DRAFT**

**ELECTIONS/LICENSING
SECRETARY OF STATE**

Public School Finance

S.WARD 2:30 P.M.

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

SECTION 1. Section 17 of article IX of the Constitution of the state of Colorado is amended BY THE ADDITION OF THE FOLLOWING SUBSECTIONS to read:

Section 17. Education – funding.

(6) INCOME TAX INCREMENT FOR PUBLIC SCHOOL FUNDING.

(a) PERSONAL INCOME SHALL BE TAXED AT VOTER-APPROVED RATES BASED ON TAXABLE NET INCOME, NOTWITHSTANDING ANY ELEMENT OF SECTION 20(8)(a) 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, PERSONAL TAXABLE NET INCOME SHALL BE TAXED IN THE FOLLOWING MANNER FOR INDIVIDUALS WHOSE FEDERAL TAXABLE INCOME IS DETERMINED ON A JOINT FEDERAL RETURN:

- (I) UP TO AND INCLUDING \$100,000, AT THE RATE OF 5.0%;
- (II) OVER \$100,000, AT THE RATE OF 5.9%.

(B) THE INCOME TIERS SET FORTH IN SUBSECTIONS (6)(b) AND (6)(c) MAY BE ADJUSTED ANNUALLY FOR INFLATION FROM THE PREVIOUS YEAR BY THE GENERAL ASSEMBLY, ACCORDING TO AN INDEX IT APPROVES FOR SUCH PURPOSE, NOTWITHSTANDING SECTION 20 OF ARTICLE X OF THE CONSTITUTION.

(c) 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 4.63 PERCENT, AS SET FORTH IN SUBSECTION (6). SUCH AMOUNTS SHALL BE DEPOSITED IN THE STATE EDUCATION FUND CREATED.

(d) ALL REVENUES COLLECTED PURSUANT TO THIS SUBSECTION 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.

(7) EXCESS REVENUES FOR PUBLIC SCHOOL FUNDING. FOR THE 2013-14 STATE FISCAL YEAR AND EACH STATE FISCAL YEAR THEREAFTER, ANY REVENUE WHICH THE STATE WOULD OTHERWISE BE REQUIRED TO REFUND PURSUANT TO SECTION 20(7) OF ARTICLE X OF THIS CONSTITUTION SHALL BE TRANSFERRED TO THE STATE EDUCATION FUND CREATED BY SECTION 17(4) OF ARTICLE IX OF THIS CONSTITUTION AND USED FOR THE PURPOSES SET FORTH IN SUCH SECTION.

SECTION 2. Subsection 5 of Section 17 of article IX of the Constitution of the state of Colorado is repealed and reenacted to read:

(5) MAINTENANCE OF EFFORT. ALL REVENUES DEPOSITED IN THE STATE EDUCATION FUND PURSUANT TO SECTION (6) SHALL BE APPROPRIATED BY THE GENERAL ASSEMBLY ONLY FOR THE COSTS OF PUBLIC EDUCATION FROM PRESCHOOL THROUGH TWELFTH GRADE 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 APPROPRIATED FOR SUCH PURPOSES FOR FISCAL YEAR 2012-13 ADJUSTED 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.

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