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ELECTIONS
SECRETARY OF STATE

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INITIATIVE #74 – ORIGINAL DRAFT

Be it Adopted and 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 (4.5) as follows:

(4.5) Quality Public Education Fund Created. (a) THIS SECTION SHALL BE KNOWN AND CITED AS THE QUALITY PUBLIC EDUCATION FUND AMENDMENT OF 2018. THE PURPOSE OF THIS SECTION IS TO CREATE A MORE SUSTAINABLE, FAIR, AND ADEQUATE SYSTEM FOR FINANCING PUBLIC SCHOOLS THAT IS DESIGNED TO MEET THE NEEDS OF EVERY STUDENT IN THE STATE OF COLORADO TO PREPARE THEM FOR SUCCESS IN CAREER, COLLEGE, AND LIFE.

(b) THERE IS HEREBY CREATED IN THE DEPARTMENT OF THE TREASURY THE QUALITY PUBLIC EDUCATION FUND. THE QUALITY PUBLIC EDUCATION FUND SHALL RECEIVE ALL REVENUES COLLECTED THROUGH AN INCOME TAX INCREMENT FOR PUBLIC SCHOOL FUNDING APPROVED BY THE VOTERS AT THE 2018 GENERAL ELECTION AND THROUGH ANY OTHER TAX OR SOURCE OF FUNDING DEDICATED BY THE PEOPLE OR THE GENERAL ASSEMBLY TO THIS FUND. ALL INTEREST EARNED ON MONEYS IN THE QUALITY PUBLIC EDUCATION FUND SHALL BE DEPOSITED IN THE QUALITY PUBLIC EDUCATION FUND AND SHALL BE USED BEFORE ANY PRINCIPAL IS DEPLETED. MONEYS REMAINING IN THE QUALITY PUBLIC EDUCATION FUND AT THE END OF ANY FISCAL YEAR SHALL REMAIN IN THE FUND AND NOT REVERT TO THE GENERAL FUND OR TO THE STATE EDUCATION FUND.

(c) IN STATE FISCAL YEAR 2019-2020, AND EACH FISCAL YEAR THEREAFTER, THE GENERAL ASSEMBLY SHALL ANNUALLY APPROPRIATE, AND LOCAL SCHOOL DISTRICTS MAY ANNUALLY EXPEND, MONEYS FROM THE QUALITY PUBLIC EDUCATION FUND FOR SUCH PURPOSES AS SHALL BE SPECIFIED BY LAW TO IMPROVE, SUPPORT AND ENHANCE THE QUALITY OF PRE-PRIMARY, PRIMARY, AND SECONDARY PUBLIC SCHOOL EDUCATIONAL PROGRAMS, RESOURCES, AND OPPORTUNITIES ON AN EQUITABLE BASIS FOR THE BENEFIT OF STUDENTS THROUGHOUT THE STATE.

(d) ALL MONEYS DEPOSITED IN THE QUALITY PUBLIC EDUCATION FUND SHALL BE COLLECTED AND SPENT AS VOTER APPROVED REVENUE CHANGES WITHOUT REGARD TO ANY LIMITATION ON REVENUE, SPENDING, OR APPROPRIATIONS CONTAINED IN SECTION 20 OF ARTICLE X OF THIS CONSTITUTION OR ANY OTHER LAW. RETENTION AND SPENDING OF SUCH MONEYS SHALL REQUIRE NO ADDITIONAL VOTER APPROVAL AT ANY STATE OR DISTRICT ELECTION.

(e) MONEYS APPROPRIATED FROM THE QUALITY PUBLIC EDUCATION FUND SHALL BE USED TO SUPPLEMENT, AND NOT SUPPLANT, THE LEVEL OF GENERAL FUND APPROPRIATIONS EXISTING ON THE EFFECTIVE DATE OF THIS SUBSECTION.

SECTION 2. In the constitution of the state of Colorado, section 20 of article X, amend (8)(a) as follows:

(8) Revenue limits. (a) New or increased transfer tax rates on real property are prohibited. No new state real property tax or local district income tax shall be imposed. Neither

an income tax rate increase nor a new state definition of taxable income shall apply before the next tax year. Any income tax law change after July 1, 1992 shall also require all taxable net income to be taxed at one rate, excluding refund tax credits or voter-approved tax credits, with no added tax or surcharge; EXCEPT THAT MULTIPLE RATES MAY APPLY TO TAXABLE NET INCOME OF INDIVIDUALS, TRUSTS, ESTATES, AND CORPORATIONS IF SPECIFIC RATE INCREASES IN EXCESS OF THE TAX RATE IN EFFECT ON THE DAY OF AN ELECTION ARE APPROVED BY VOTERS FOR THE PURPOSE OF PROVIDING AN INCOME TAX INCREMENT DEDICATED TO THE FUNDING OF PUBLIC SCHOOLS.

SECTION 3. In Colorado Revised Statutes, add 22-55-109 as follows:

22-55-109. Quality Public Education Fund – purpose and implementation. (1)

KNOWLEDGE AND LEARNING BEING ESSENTIAL FOR THE PRESERVATION OF LIBERTY AND A FREE AND DEMOCRATIC SOCIETY, THE PEOPLE OF THE STATE OF COLORADO DECLARE THAT:

(a) A SOUND PUBLIC EDUCATION SYSTEM IS FUNDAMENTAL TO ENABLING EVERY PERSON TO DEVELOP HIS OR HER FULL POTENTIAL AND TO PARTICIPATE MEANINGFULLY IN THE CIVIC AND ECONOMIC LIFE OF THE COMMUNITY;

(b) QUALITY PUBLIC EDUCATION IS ESSENTIAL TO THE DEVELOPMENT OF THE QUALITY WORKFORCE THAT WILL DRIVE A VIBRANT COLORADO ECONOMY FOR DECADES TO COME;

(c) OUR PUBLIC SCHOOLS HAVE BEEN THE PATHWAY TO OPPORTUNITY AND A BETTER LIFE FOR GENERATIONS OF COLORADOANS;

(d) EACH AND EVERY COLORADO CHILD REQUIRES ACCESS TO EXCELLENT PUBLIC SCHOOLS, QUALITY EARLY CHILDHOOD EDUCATION OFFERINGS, A HIGHLY PROFESSIONAL AND WELL-SUPPORTED TEACHING FORCE, APPROPRIATE EDUCATIONAL TECHNOLOGY, TEXTBOOKS AND OTHER SCHOOL SUPPLIES, AND BROAD, HIGH-QUALITY EDUCATIONAL OPPORTUNITIES; AND

(e) A MORE SUSTAINABLE, FAIR, AND ADEQUATE SYSTEM FOR FINANCING PUBLIC SCHOOLS IS NECESSARY TO ACHIEVE THESE GOALS AND MEET THE NEEDS OF EVERY STUDENT IN THE STATE OF COLORADO TO PREPARE THEM FOR SUCCESS IN CAREER, COLLEGE AND LIFE IN THE 21ST CENTURY.

(2) THE PURPOSE OF THIS SECTION IS TO IMPLEMENT SUBSECTION (4.5) OF SECTION 17 OF ARTICLE IX OF THE STATE CONSTITUTION, AS APPROVED BY THE REGISTERED ELECTORS OF THIS STATE AT THE 2018 GENERAL ELECTION.

(3) IN STATE FISCAL YEAR 2019-2020, AND EACH FISCAL YEAR THEREAFTER, THE GENERAL ASSEMBLY SHALL ANNUALLY APPROPRIATE, AND LOCAL SCHOOL DISTRICTS MAY ANNUALLY EXPEND, MONEYS FROM THE QUALITY PUBLIC EDUCATION FUND FOR THE PURPOSES STATED IN THIS SUBSECTION (3).

(a) UNTIL SUCH TIME AS A COMPREHENSIVE NEW PUBLIC SCHOOL FINANCE LAW SUBSTANTIALLY IN COMPLIANCE WITH PARAGRAPH (b) HAS BEEN ENACTED AND HAS TAKEN EFFECT, THESE MONEYS SHALL BE APPROPRIATED AND SPENT AS FOLLOWS:

(I) TO INCREASE THE ANNUAL STATEWIDE BASE PER PUPIL FUNDING FOR PUBLIC EDUCATION FROM PRESCHOOL THROUGH THE TWELFTH GRADE TO NO LESS THAN \$7,100, PLUS ANNUAL ADJUSTMENTS FOR INFLATION;

(II) TO INCREASE THE LEVEL OF TOTAL ANNUAL STATE FUNDING FOR CATEGORICAL PROGRAMS DIRECTED TO SPECIAL EDUCATION BY AN AMOUNT NO LESS THAN \$120,000,000, TO PROGRAMS FOR GIFTED AND TALENTED STUDENTS BY AN AMOUNT NO LESS THAN \$9,000,000, AND TO PROGRAMS FOR ENGLISH LANGUAGE PROFICIENCY BY AN AMOUNT NO LESS THAN \$20,000,000 OVER THE AMOUNTS OF FUNDING FOR THOSE PROGRAMS FOR FISCAL YEAR 2018-2019, PLUS ANNUAL ADJUSTMENTS FOR INFLATION;

(III) TO INCREASE ANNUAL STATE FUNDING FOR PRE-SCHOOL EARLY EDUCATION PROGRAMS BY AN AMOUNT NO LESS THAN \$5,000,000 OVER THE AMOUNT OF FUNDING FOR THOSE PROGRAMS FOR FISCAL YEAR 2018-2019, PLUS ANNUAL ADJUSTMENTS FOR INFLATION;

(IV) TO INCREASE ANNUAL STATE FUNDING FOR PUPILS ELIGIBLE FOR FREE LUNCH AS NECESSARY TO INCLUDE PUPILS ELIGIBLE FOR REDUCED LUNCH PURSUANT TO THE PROVISIONS OF THE FEDERAL "RICHARD B. RUSSELL NATIONAL SCHOOL LUNCH ACT", 42 U.S.C. SEC. 1751, ET SEQ; AND

(V) TO FUND ALL KINDERGARTEN STUDENTS ENROLLED IN A FULL DAY PROGRAM AT THE LEVEL OF ONE FULL-TIME EQUIVALENT.

(b) IT IS THE INTENTION OF THE PEOPLE OF THE STATE OF COLORADO THAT THE GENERAL ASSEMBLY SHALL ENACT AS EXPEDITIOUSLY AS POSSIBLE A NEW PUBLIC SCHOOL FINANCE LAW THAT WILL SUBSTANTIALLY MEET THE FOLLOWING CRITERIA: PROVIDE A BASE PER PUPIL FUNDING LEVEL FOR ALL STUDENTS MOVING TOWARD OR EXCEEDING THE NATIONAL AVERAGE; ALLOCATE FUNDING IN A FAIR AND EQUITABLE MANNER AMONG THE LOCAL SCHOOL DISTRICTS, WITH RECOGNITION OF DIFFERENCES RELATED TO SIZE, GEOGRAPHY, POPULATION DEMOGRAPHICS, AND LOCAL ECONOMIC AND COST FACTORS; ASSURE MORE ADEQUATE FUNDING FOR SPECIALIZED PROGRAMS ADDRESSED TO STUDENTS WITH SPECIAL NEEDS, GIFTED AND TALENTED STUDENTS, STUDENTS LIVING IN POVERTY, ENGLISH LANGUAGE LEARNERS, AND OTHER IDENTIFIABLE GROUPS WHO WOULD BENEFIT FROM SUCH PROGRAMS; MORE ADEQUATELY FUND PROGRAMS TO ADDRESS THE CRITICAL IMPORTANCE OF EARLY CHILDHOOD LEARNING; PROVIDE FOR THE RECRUITMENT AND RETENTION OF QUALITY TEACHERS; AND PROVIDE A MODEL FOR FUNDING THAT WILL BE TRANSPARENT AND EASILY UNDERSTANDABLE BY THE PUBLIC. AT SUCH TIME AS A NEW PUBLIC SCHOOL FINANCE LAW SUBSTANTIALLY MEETING THESE CRITERIA HAS BEEN ENACTED AND HAS TAKEN EFFECT, THE GENERAL ASSEMBLY MAY ANNUALLY APPROPRIATE, AND THE SCHOOL DISTRICTS MAY ANNUALLY EXPEND, MONEYS FROM THE QUALITY PUBLIC EDUCATION FUND FOR THE PURPOSES PROVIDED IN SUCH LAW.

(4) MONEYS FROM THE QUALITY PUBLIC EDUCATION FUND SHALL BE APPROPRIATED AND EXPENDED TO SUPPORT PUBLIC SCHOOLS, EXCEPT THAT SUCH MONEYS MAY BE SPENT AS REQUIRED PURSUANT TO AN INDIVIDUALIZED EDUCATION PROGRAM UNDER THE FEDERAL INDIVIDUALS WITH DISABILITIES EDUCATION ACT OF 2004, 20 USC §1400, ET SEQ., AS AMENDED, OR SUCCESSOR ACT.

(5) MONEYS APPROPRIATED FROM THE QUALITY PUBLIC EDUCATION FUND SHALL BE USED TO SUPPLEMENT, AND NOT SUPPLANT, THE LEVEL OF GENERAL FUND APPROPRIATIONS EXISTING ON THE EFFECTIVE DATE OF THIS SUBSECTION, PLUS ANNUAL ADJUSTMENTS FOR INFLATION UP TO A MAXIMUM ANNUAL ADJUSTMENT OF FIVE PERCENT.

(6)(a) UPON RECEIVING MONEYS FROM THE QUALITY PUBLIC EDUCATION FUND, AND PURSUANT TO ESTABLISHED DISTRICT REPORTING REQUIREMENTS SET FORTH IN THE EDUCATION ACCOUNTABILITY ACT OF 2009, THE FEDERAL EVERY STUDENT SUCCEEDS ACT, AND REGULATIONS DEVELOPED BY THE COLORADO DEPARTMENT OF EDUCATION PURSUANT TO STATE EDUCATION LAW, EACH DISTRICT SHALL MAKE PUBLICLY AVAILABLE ON ITS WEB SITE ITS MISSION AND VISION AND CURRENT BUDGET, AUDIT, UNIFORM IMPROVEMENT PLAN AND STUDENT ACHIEVEMENT SCORES.

(b) WITHIN FIVE YEARS OF IMPLEMENTATION OF THE QUALITY PUBLIC EDUCATION FUND, AND PURSUANT TO A REQUEST FOR PROPOSALS PROCESS WITH COMPETITIVE BIDDING, THE COLORADO DEPARTMENT OF EDUCATION WILL COMMISSION A STUDY TO INVESTIGATE HOW MONEYS FROM THE QUALITY PUBLIC EDUCATION FUND WERE SPENT AND TO DETERMINE THE BEST PRACTICES OF VARIOUS DISTRICTS FROM DIVERSE GEOGRAPHICAL REGIONS IN PROMOTING CONTINUOUS IMPROVEMENT IN STUDENT ACHIEVEMENT. MONEYS FROM THE QUALITY PUBLIC EDUCATION FUND MAY BE USED FOR THIS STUDY. THIS STUDY WILL BE MADE AVAILABLE TO THE PUBLIC AND POSTED ON THE DEPARTMENT OF EDUCATION WEBSITE.

(c) WITHIN TEN YEARS AFTER THE IMPLEMENTATION OF A SUCCESSOR TO THE PUBLIC SCHOOL FINANCE ACT OF 1994, AND EVERY FIVE YEARS THEREAFTER, THE GENERAL ASSEMBLY SHALL REVIEW IMPLEMENTATION OF THE SUCCESSOR ACT TO ENSURE THAT THE FORMULA SET FORTH IN THE SUCCESSOR ACT ENABLES ALL SCHOOL DISTRICTS TO MEET COLORADO ACADEMIC STANDARDS AND PERFORMANCE FRAMEWORKS. IF THE FORMULA REQUIRES CHANGES TO MEET THESE GOALS IN AN ADEQUATE AND EQUITABLE MANNER, THE GENERAL ASSEMBLY SHALL ADOPT REVISIONS TO THE SCHOOL FINANCE FORMULA.

SECTION 4. In Colorado Revised Statutes, 24-77-103.6, **amend** (2), (4), and **add** (1)(c) as follows:

24-77-103.6. Retention of excess state revenues - general fund exempt account - required uses - excess state revenues legislative report.

(1)(c) NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY, FOR EACH FISCAL YEAR COMMENCING ON OR AFTER JULY 1, 2019, IN ADDITION TO THE REVENUES AUTHORIZED TO BE RETAINED AND SPENT PURSUANT TO PARAGRAPH (1)(b) OF THIS SUBSECTION, THE STATE SHALL BE AUTHORIZED TO RETAIN AND SPEND ALL REVENUES CREDITED TO THE QUALITY PUBLIC EDUCATION FUND PURSUANT TO SECTION 39-22-623(1)(b)(I), C.R.S.

(2) There is hereby created in the general fund the general fund exempt account, which shall consist of an amount of moneys equal to the amount of state revenues in excess of the limitation on state fiscal year spending, EXCLUDING THOSE REVENUES CREDITED TO THE QUALITY PUBLIC EDUCATION FUND PURSUANT TO SECTION 39-22-623(1)(b)(I), C.R.S., that the state retains for a given fiscal year pursuant to this section. The moneys in the account shall be appropriated or transferred by the general assembly for the following purposes:

(a) To fund health care;

(b) To fund education, including any capital construction projects related thereto;

(c) To fund retirement plans for firefighters and police officers, so long as the general assembly determines that such funding is necessary; and

(d) To pay for strategic transportation projects included in the department of transportation's strategic transportation project investment program.

(4) The approval of this section by the registered electors of the state voting on the issue at the November 2005 AND NOVEMBER 2018 statewide ~~election~~ ELECTIONS ~~constitutes a~~ CONSTITUTE voter-approved revenue ~~change~~ CHANGES to allow the retention and expenditure of state revenues in excess of the limitation on state fiscal year spending.

SECTION 5. In Colorado Revised Statutes, 39-22-104, **amend** (1.7) as follows:

39-22-104. Income tax imposed on individuals, estates, and trusts – single rate – definitions – repeal. (1.7) Except as otherwise provided in section 39-22-627, subject to subsection (2) of this section, with respect to taxable years commencing on or after January 1, 2000, a tax of four and sixty-three one hundredths percent is imposed on the federal taxable income, as determined pursuant to section 63 of the internal revenue code, of every individual, estate, and trust. IN ADDITION TO THE TAX RATE AUTHORIZED IN THIS SUBSECTION ON FEDERAL TAXABLE INCOME OF INDIVIDUALS, ESTATES, AND TRUSTS, FOR ALL TAXABLE YEARS COMMENCING ON OR AFTER JANUARY 1, 2019, AN INCOME TAX INCREMENT FOR PUBLIC SCHOOL FUNDING TO BE DEDICATED TO THE QUALITY PUBLIC EDUCATION FUND CREATED BY SUBSECTION (4.5) OF SECTION 17 OF TITLE IX OF THE STATE CONSTITUTION SHALL BE IMPOSED ON THE FEDERAL TAXABLE INCOME OF SUCH TAXPAYERS:

(a) OVER \$100,000 AND UP TO AND INCLUDING \$125,000, AT THE RATE OF THIRTY-SEVEN ONE HUNDREDTHS PERCENT;

(c) OVER \$125,000 AND UP TO AND INCLUDING \$250,000, AT THE RATE OF ONE AND EIGHTY-SEVEN ONE HUNDREDTHS PERCENT;

(d) OVER \$250,000 AND UP TO AND INCLUDING \$500,000, AT THE RATE OF TWO AND EIGHTY-SEVEN ONE HUNDREDTHS PERCENT;

AND

(e) OVER \$500,000, AT THE RATE OF THREE AND EIGHTY-SEVEN ONE HUNDREDTHS PERCENT.

SECTION 6. In Colorado Revised Statutes, 39-22-301, **amend** (1)(d)(I)(I), as follows:

39-22-301. Corporate tax imposed. (1)(d)(I)(I) Except as otherwise provided in section 39-22-627, for income tax years commencing on or after January 1, 2000, four and sixty-three one hundredths percent of the Colorado net income. IN ADDITION TO THE TAX RATE AUTHORIZED IN THIS SUBPARAGRAPH, FOR ALL TAXABLE YEARS COMMENCING ON OR AFTER JANUARY 1, 2019, AN INCOME TAX INCREMENT FOR PUBLIC SCHOOL FUNDING TO BE DEDICATED TO THE QUALITY PUBLIC EDUCATION FUND CREATED BY SUBSECTION (4.5) OF SECTION 17 OF TITLE IX OF THE STATE CONSTITUTION SHALL BE IMPOSED ON COLORADO NET INCOME AT THE RATE OF ONE AND THIRTY-SEVEN ONE HUNDREDTHS PERCENT.

SECTION 7. In Colorado Revised Statutes, 39-22-623, **amend** (1)(b) as follows:

39-22-623. Disposition of collections. (1)(b) Following apportionment of the city, town, and county shares pursuant to paragraph (a) of this subsection (1) and pursuant to section 29-21-101, C.R.S., all remaining funds, less the amount credited to the reserve created in section 39-29-107.8, in accordance with subsection (2) of said section, shall be credited AS FOLLOWS:

(I) FOR ALL TAXABLE YEARS COMMENCING ON OR AFTER JANUARY 1, 2019, ALL MONEYS DERIVED FROM THE INCOME TAX INCREMENT FOR PUBLIC SCHOOL FUNDING UNDER SECTIONS 39-22-104(1.7) AND 39-22-301(1) C.R.S., SHALL BE CREDITED TO AND DEPOSITED IN THE QUALITY PUBLIC EDUCATION FUND CREATED BY SUBSECTION (4.5) OF SECTION 17 OF ARTICLE IX OF THE STATE CONSTITUTION.

(II) ALL REMAINING FUNDS SHALL BE CREDITED to the general fund, and the general assembly shall make appropriations therefrom for the expenses of the administration of this article.