

2025-2026 Initiative #282 Retain and Spend K-12 Education Revenue ORIGINAL TEXT

PROPOSED INITIATIVE 2025-2026 # _____ Amend TABOR to Reduce Refunds

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

SECTION 1. Legislative Declaration

(1) The people of the State of Colorado find and declare that:

(a) Public education is the bedrock of Colorado's democracy, fundamental to individual opportunity, the underpinning of thriving communities, and the key to Colorado's economic prosperity and future;

(b) Wise and adequate investment in Colorado's schools is essential to maintaining and improving the competitiveness of Colorado and its students;

(c) The money invested in Colorado's public schools has a return on investment that has long been recognized as among the nation's highest;

(d) An increase in the rates of K-12 graduation, the earning of industry certifications, and the earning of associate degrees demonstrate the effectiveness of Colorado's investment in public schools;

(e) Research demonstrates that increasing school funding results in long-term increases in graduation rates and lifetime wages, prevents crime, and lowers incarceration rates;

(f) Educators and support staff in every school district and charter school across Colorado make invaluable contributions to their schools, districts, and communities by dedicating their time, talents, and out-of-pocket money to their students, despite Colorado ranking near the bottom of starting teacher pay and having the largest teacher pay penalty in the nation;

(g) Teachers, counselors, paraprofessionals, bus drivers, and essential support staff are leaving their professions because salaries haven't kept up with housing, healthcare, and cost of living;

(h) Students are learning in overcrowded classrooms and in schools with fewer mental health counselors, opportunities for special education support, and programs that support their ability to develop into healthy, productive adults;

(i) Working class, multilingual, and rural communities are hit hardest by chronic school underfunding;

(j) In January 2025, the legislature received the reports and recommendations of two commissioned adequacy studies: "Equity and Adequacy of Colorado School Funding – A Cost-Modeling Approach," by the American Institutes for Research, and "Colorado Input-Based Financial Adequacy Study Report," by Augenblick, Pailaich and Associates, Inc.;

(k) The adequacy studies found that, were Colorado schools funded fully and fairly, every student would have the individual attention they need from teachers, counselors, health professionals, tutors, and support staff to succeed and thrive; every teacher would have a reasonable workload, professional development and coaching, and a salary that would allow them to live where they work; and every community would enjoy the benefit of vibrant public schools, a high-quality workforce, and an engaged citizenry;

(l) Colorado's fiscal constraints and the potential of federal funding cuts to education, Medicaid, nutrition, human services, and other critical programs threaten the sustainability and adequacy of school funding in Colorado and threaten to deplete the state education fund; and

(m) Therefore, it is in the best interest of educators, students, and their families to allow voters to invest further in public education by modernizing the state's ability to retain and spend revenue to meet the needs of Colorado communities and to ensure that state investment in K-12 public education is increased by two percent for at least ten years through the funding of a positive factor.

SECTION 2: In Colorado Revised Statutes, **add 22-54-103.7** as follows:

22-54-103.7 Positive factor funding — 2027-28 through 2036-37 budget years — definitions — repeal.

(1) As used in this section, unless the context otherwise requires:

(a) "New formula district total program calculation" means a district's total program for the applicable budget year as calculated pursuant to the district total program formula in section 22-54-103.5. The term does not include any adjustments required pursuant to section 22-54-103.3 when determining a district's total program for the 2027-28 budget year through the 2030-31 budget year.

(b) "New formula statewide total program calculation" means the district total program for all districts for the applicable budget year as calculated pursuant to the district total program formula in section 22-54-103.5. The term does not include any adjustments required pursuant to section 22-54-103.3 when determining a district's total program for the 2027-28 budget year through the 2030-31 budget year.

(c) "Two percent K-12 public education increase" means an amount equal to the lesser of two percent of statewide total program funding for the 2026-27 budget year calculated pursuant to Article 54 of Title 22, Colorado Revised Statutes, or the amount that the state is authorized to retain and spend pursuant to the voters' approval of the ballot measure included in section 24-77-302 for the budget year.

(2) A district's positive factor funding is equal to:

(New Formula District Total Program Calculation ÷ New Formula Statewide Total Program Calculation) × Two Percent K-12 Public Education Increase

(3) For the 2027-28 budget year through the 2036-37 budget year, the Department of Education shall annually calculate each district's new formula district total program calculation and the new formula statewide total program calculation.

(4) For the 2027-28 budget year through the 2036-37 budget year, the Department of Education and the Staff of the Legislative Council shall annually determine each district's school positive factor funding based on budget projections; except that the Department of Education and the Staff of the Legislative Council shall make mid-year revisions to replace projections with actual figures to determine any necessary changes in the amount to maintain positive factor funding for the applicable budget year.

(5) A district's school positive factor funding is in addition to, but is not included in, the district's total program determined pursuant to Article 54 of Title 22. The Department shall make payments for a district's school positive factor funding in the same form and manner as the payments that the Department makes pursuant to section 22-54-115(1).

(6) A district's positive factor funding is available to a district to fund:

- (a) Increasing teacher pay;
- (b) Improving teacher retention;
- (c) Lowering class sizes; and
- (d) Increasing access to career and technical courses.

(7) This section is repealed, effective July 1, 2039.

SECTION 3. In Colorado Revised Statutes **add** part 3 to article 77 of title 24 as follows:

PART 3

SUBMISSION OF BALLOT ISSUE

VOTER-APPROVED REVENUE CHANGE

24-77-301. Definitions.

AS USED IN THIS PART 3, UNLESS THE CONTEXT OTHERWISE REQUIRES:

- (1) "DISTRICT" HAS THE MEANING SET FORTH IN SECTION 22-54-103(5).
- (2) "EXCESS STATE REVENUES ACCOUNT" OR "ACCOUNT" MEANS THE EXCESS STATE REVENUES ACCOUNT CREATED IN SECTION 24-77-302(2).
- (3) "POSITIVE FACTOR FUNDING" MEANS THE AMOUNT DETERMINED PURSUANT TO SECTION 22-54-103.7(2).

(4) "**STATE PUBLIC EDUCATION FUNDING**" MEANS THE AMOUNT DETERMINED BY LEGISLATIVE COUNCIL STAFF PURSUANT TO SECTION 24-77-303(1).

(5) "**STATE REVENUES**" MEANS STATE FISCAL YEAR SPENDING, AS DEFINED IN SECTION 24-77-102(17).

(1) FOR STATE FISCAL YEARS COMMENCING ON OR AFTER JULY 1, 2027, THE STATE MAY RETAIN AND SPEND STATE REVENUES THAT THE STATE OTHERWISE WOULD HAVE BEEN REQUIRED TO REFUND UNDER SECTION 20(7)(D) OF ARTICLE X OF THE STATE CONSTITUTION IN AN AMOUNT EQUAL TO THE STATE PUBLIC EDUCATION FUNDING FOR THE STATE FISCAL YEAR.

(2)(a) THERE IS HEREBY CREATED IN THE GENERAL FUND THE EXCESS STATE REVENUES ACCOUNT, WHICH CONSISTS OF AN AMOUNT OF MONEY EQUAL TO THE AMOUNT THAT THE STATE RETAINS FOR A GIVEN FISCAL YEAR PURSUANT TO SUBSECTION (1) OF THIS SECTION, EXCEPT AS PROVIDED IN SUBSECTION (3) OF THIS SECTION.

(b) FOR EACH STATE FISCAL YEAR BEGINNING ON OR AFTER JULY 1, 2027, AND BEFORE JULY 1, 2037, THE GENERAL ASSEMBLY SHALL TRANSFER OR APPROPRIATE FROM THE ACCOUNT TO THE DEPARTMENT OF EDUCATION AN AMOUNT NECESSARY FOR THE DEPARTMENT OF EDUCATION TO PAY EACH DISTRICT AN AMOUNT THAT IS EQUAL TO AT LEAST EACH DISTRICT'S SCHOOL POSITIVE FACTOR FUNDING, AND THE DEPARTMENT OF EDUCATION SHALL MAKE THESE PAYMENTS IN ACCORDANCE WITH SECTION 22-54-103.7(5).

(c) AFTER MAKING THE APPROPRIATIONS OR TRANSFERS REQUIRED BY SUBSECTION (2)(B) OF THIS SECTION FOR A STATE FISCAL YEAR, THE GENERAL ASSEMBLY MAY APPROPRIATE OR TRANSFER MONEY IN THE ACCOUNT FOR ANY OTHER PURPOSE FOR THAT SAME FISCAL YEAR.

(3)(a) IF THE APPROVED EXCESS STATE REVENUES ARE DIFFERENT FROM THE AMOUNT THAT, BASED ON ESTIMATES, THE GENERAL ASSEMBLY APPROPRIATED OR TRANSFERRED FROM THE ACCOUNT FOR A STATE FISCAL YEAR, THEN EACH APPROPRIATION OR TRANSFER FROM THE ACCOUNT IS PROPORTIONALLY ADJUSTED SO THAT THE TOTAL APPROPRIATIONS OR TRANSFERS FROM THE ACCOUNT ARE EQUAL TO THE APPROVED EXCESS STATE REVENUES FOR THE STATE FISCAL YEAR.

(b) AS USED IN THIS SUBSECTION (3), UNLESS THE CONTEXT OTHERWISE REQUIRES, "APPROVED EXCESS STATE REVENUES" MEANS THE STATE REVENUES THAT THE STATE IS AUTHORIZED TO RETAIN AND SPEND FOR A STATE FISCAL YEAR IN ACCORDANCE WITH THE APPROVAL OF THE BALLOT MEASURE, INCLUDING THIS SECTION, BY A MAJORITY OF THE ELECTORS VOTING ON THE BALLOT ISSUE AT THE NOVEMBER 2026 STATEWIDE ELECTION, AS REPORTED BY THE STATE CONTROLLER IN THE ANNUAL FINANCIAL REPORT REQUIRED BY SECTION 24-77-106.5(1)(B), OR, IF THE AMOUNT CHANGES IN THE FINAL

ACCOUNTING FOR THE STATE FISCAL YEAR, IN THE COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE FOR THE STATE FISCAL YEAR.

(4) THE APPROVAL OF THE BALLOT MEASURE INCLUDING THIS SECTION BY A MAJORITY OF THE ELECTORS VOTING ON THE BALLOT ISSUE CONSTITUTES A VOTER-APPROVED REVENUE CHANGE TO ALLOW THE RETENTION AND EXPENDITURE OF THE ADDITIONAL STATE REVENUES THAT THE STATE IS AUTHORIZED TO RETAIN AND SPEND PURSUANT TO SUBSECTION (1) OF THIS SECTION.

(5) THIS SECTION DOES NOT AFFECT THE AMOUNT THAT THE STATE IS PERMITTED TO RETAIN AND SPEND UNDER THE EXCESS STATE REVENUES CAP.

24-77-303. Determination of state public education funding.

(1) ON OR AFTER JULY 1, 2027, BUT BEFORE AUGUST 1, 2027, AND ON OR AFTER EACH JULY 1 AND BEFORE EACH AUGUST 1 THEREAFTER, LEGISLATIVE COUNCIL STAFF SHALL DETERMINE AND REPORT TO THE STATE CONTROLLER, THE OFFICE OF STATE PLANNING AND BUDGETING, AND THE JOINT BUDGET COMMITTEE THE TOTAL AMOUNT THAT IS COUNTED AS STATE FISCAL YEAR SPENDING AND APPROPRIATED BY THE GENERAL ASSEMBLY FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR FOR CATEGORICAL PROGRAMS AND THE STATE SHARE OF TOTAL PROGRAM. THE AMOUNT DETERMINED AND REPORTED BY LEGISLATIVE COUNCIL STAFF PURSUANT TO THIS SUBSECTION (1) FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR IS THE STATE PUBLIC EDUCATION FUNDING FOR THAT STATE FISCAL YEAR.

(2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "CATEGORICAL PROGRAMS" HAS THE SAME MEANING AS SET FORTH IN SECTION 22-55-102(4).

(b) "STATE SHARE OF TOTAL PROGRAM" MEANS AN AMOUNT EQUAL TO THE TOTAL OF THE STATE'S SHARE OF EACH SCHOOL DISTRICT'S TOTAL PROGRAM, AS DEFINED IN SECTION 22-55-102(18).

24-77-304. Excess state revenues expenditure independent audit.

(1)(a) FOR EACH STATE FISCAL YEAR THAT THE STATE RETAINS AND SPENDS STATE REVENUES IN EXCESS OF THE LIMITATION ON STATE FISCAL YEAR SPENDING PURSUANT TO THIS PART 3, THE STATE AUDITOR SHALL PREPARE AN EXCESS STATE REVENUES LEGISLATIVE REPORT THAT INCLUDES THE FOLLOWING INFORMATION:

(I) THE AMOUNT OF STATE REVENUES THAT THE STATE RETAINED AND SPENT IN EXCESS OF THE LIMITATION ON STATE FISCAL YEAR SPENDING PURSUANT TO THIS PART 3; AND

(II) A DESCRIPTION OF HOW THE STATE REVENUES THAT THE STATE RETAINED AND SPENT IN EXCESS OF THE LIMITATION ON STATE FISCAL YEAR SPENDING PURSUANT TO THIS PART 3 WERE EXPENDED.

(b) THE STATE AUDITOR SHALL COMPLETE THE REPORT REQUIRED BY SUBSECTION (1)(a) OF THIS SECTION BY OCTOBER 15 FOLLOWING A FISCAL YEAR THAT THE STATE RETAINS AND SPENDS STATE REVENUES IN EXCESS OF THE LIMITATION ON STATE FISCAL YEAR SPENDING PURSUANT TO THIS PART 3 AND MAY AMEND THE REPORT THEREAFTER AS NECESSARY.

(c) THE STATE AUDITOR SHALL PUBLISH AND LINK TO THE OFFICIAL WEBSITE OF THE GENERAL ASSEMBLY A COPY OF THE REPORT REQUIRED BY THIS SUBSECTION (1).

SECTION 4. In Colorado Revised Statutes, 24-77-106.5, **amend** (1)(b) as follows:

24-77-106.5. Annual financial report — certification of excess state revenues.

(1)(b) Notwithstanding section 24-1-136(11)(a)(I), based upon the financial report prepared in accordance with subsection (1)(a) of this section for any given fiscal year, the controller shall certify to the governor, the general assembly, and the executive director of the department of revenue no later than September 1 following the end of a fiscal year the amount of state revenues in excess of the limitation on state fiscal year spending imposed by section 20(7)(a) of article X of the state constitution, if any, for such fiscal year and the state revenues in excess of such limitation that the state is authorized to retain and spend pursuant to voter approval of section 24-77-103.6 AND PART 3 OF THIS ARTICLE 77.

SECTION 5. In Colorado Revised Statutes, 29-32-104, **amend** (5) as follows:

29-32-104. Permissible expenditures — affordable housing programs — report — definitions.

(5) If the Legislative Council Staff's March Economic and Revenue Forecast in any given year projects revenue for the next state fiscal year will fall below the revenue limit imposed under section 20 of article X of the state constitution BY AN AMOUNT GREATER THAN THE AMOUNT OF STATE PUBLIC EDUCATION FUNDING AS DEFINED IN SECTION 24-77-301(4), the general assembly may reduce the funding allocated to the office required by this section for the next state fiscal year in order to balance the state budget for said state fiscal year.

SECTION 6. In Colorado Revised Statutes, 39-22-123.5, **amend** (3.5)(a)(VIII) as follows:

39-22-123.5. Earned income tax credit — legislative declaration — repeal.

(3.5)(a) As used in this subsection (3.5), unless the context otherwise requires:

(VIII) "Nonexempt revenue" means, for the applicable state fiscal year, the revenues that are identified as nonexempt revenues in the annual comprehensive financial report published by the office of the state controller; EXCEPT THAT, FOR STATE FISCAL YEARS COMMENCING ON OR AFTER JULY 1, 2027, NONEXEMPT REVENUE INCLUDES STATE PUBLIC EDUCATION FUNDING AS DEFINED IN SECTION 24-77-301(4).

SECTION 7. In Colorado Revised Statutes, 39-22-130, **amend** (2)(b)(II)(G) as follows:

39-22-130. Family affordability tax credit — tax preference performance statement — legislative declaration — definitions — repeal.

(2) As used in this section, unless the context otherwise requires:

(b)(II) As used in this subsection (2)(b):

(G) "Nonexempt revenue" means, for the applicable state fiscal year, the revenue that is identified as nonexempt TABOR revenues in the annual comprehensive financial report published by the office of the state controller; EXCEPT THAT, FOR STATE FISCAL YEARS COMMENCING ON OR AFTER JULY 1, 2027, NONEXEMPT REVENUE INCLUDES STATE PUBLIC EDUCATION FUNDING AS DEFINED IN SECTION 24-77-301(4).

SECTION 8. Effective date. This act shall take effect upon proclamation by the governor pursuant to Sec 1(4) of Article V of the Colorado Constitution.