

**Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO**

REREVISED

*This Version Includes All Amendments
Adopted in the Second House*

LLS NO. 26-0140.05 Pierce Lively x2059

SENATE BILL 26-135

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Senate Committees

Finance
Appropriations

House Committees

Appropriations

A BILL FOR AN ACT

101 **CONCERNING STATE PUBLIC EDUCATION K-12 FUNDING, AND, IN**
102 **CONNECTION THEREWITH, INCREASING APPROPRIATIONS FOR**
103 **STATE PUBLIC EDUCATION K-12 ██████████ FOR TEN YEARS, _____**
104 **ALLOWING THE STATE TO RETAIN AN AMOUNT OF STATE**
105 **REVENUE IN EXCESS OF THE LIMITATION ON STATE FISCAL YEAR**
106 **SPENDING EQUAL TO STATE PUBLIC K-12 EDUCATION FUNDING,**
107 **AND SUBMITTING A BALLOT QUESTION TO THE REGISTERED**
108 **ELECTORS OF THE STATE.**

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

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

HOUSE
Amended 3rd Reading
May 9, 2026

HOUSE
Amended 2nd Reading
May 8, 2026

SENATE
3rd Reading Unamended
April 27, 2026

SENATE
Amended 2nd Reading
April 24, 2026

<http://leg.colorado.gov>.)

The bill requires the secretary of state to refer a ballot issue at the November 2026 general election to seek voter approval for the state to retain and spend an amount of state revenue equal to the amount of state public K-12 education funding in excess of the limitation on state fiscal year spending and to increase state public K-12 education funding by up to 2% for 10 years.

The bill directs legislative council staff to determine the amount of state public K-12 education funding and describes how legislative council staff will make that determination.

The bill creates a positive factor to provide additional funding for each district. A positive factor is equal to the lesser of 2% of statewide total program funding for the 2026-27 budget year multiplied by a district's total program as a percentage of the statewide total program or the amount that the state is authorized to retain and spend that would otherwise have been in excess of the limitation on state fiscal year spending multiplied by a district's total program as a percentage of the statewide total program. A district may only use its positive factor funding for increasing teacher pay, improving teacher retention, lowering class sizes, and increasing access to career and technical courses.

The bill creates the excess state revenues account (account) within the general fund. The account consists of an amount of money equal to the amount of state revenues in excess of the excess state revenues cap that the state retains for a given fiscal year pursuant to voter approval of the bill. Money in the account must first be spent for paying districts their positive factor and only after that may be spent for any other purpose.

The bill directs the state auditor to conduct and publish, for each state fiscal year that the state retains and spends state revenues in excess of the limitation on state fiscal year spending, a legislative report. That report must include descriptions of:

- The amount of state revenues that the state retained and spent that would otherwise have been in excess of the limitation on state fiscal year spending; and
- How the state revenues that the state retained and spent that would otherwise have been in excess of the limitation on state fiscal year spending were expended.

Lastly, the bill makes conforming amendments to ensure that voter approval of the bill does not impact the expanded earned income tax credit, the family affordability tax credit, or the affordable housing financing fund.

1 **SECTION 1. Legislative declaration.** (1) The general assembly
2 finds and declares that:

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

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

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

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

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

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

24 (g) Teachers, counselors, para professionals, bus drivers, and
25 essential support staff are leaving their professions because salaries **have**
26 **not** kept up with housing, healthcare, and cost of living;

27 (h) Students are learning in overcrowded classrooms and in

1 schools with fewer mental health counselors, opportunities for special
2 education support, and programs that support their ability to develop into
3 healthy, productive adults;

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

6 (j) In January 2025, the legislature received the reports and
7 recommendation of the two commissioned adequacy studies: "Equity and
8 Adequacy of Colorado School Funding - A Cost-Modeling Approach",
9 by the American institutes for research, and "Colorado Input-Based
10 Financial Adequacy Study Report", by Augenblick, Palaich and
11 Associates, Inc;

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

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

24 (m) Research demonstrates that high-quality early childhood
25 education, including child care and preschool, produces significant
26 long-term benefits, including improved school readiness, higher
27 graduation rates, and greater lifetime earnings, and that every dollar

1 invested in high-quality childhood education yields substantial returns to
2 the state and its communities;

3 (n) Children who participate in high-quality, preschool and child
4 care programs arrive in kindergarten better prepared to learn across
5 language, math, and social-emotional domains, with the greatest benefits
6 accruing to children from working families, rural communities, and
7 multilingual households; and

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

14 ■ ■ ■

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

17 **22-54-103.7. Positive factor - definitions.**

18 (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
19 REQUIRES:

20 ■

21 (a) "NEW FORMULA DISTRICT TOTAL PROGRAM CALCULATION"
22 MEANS A DISTRICT'S TOTAL PROGRAM FOR THE APPLICABLE BUDGET YEAR
23 AS CALCULATED PURSUANT TO THE DISTRICT TOTAL PROGRAM FORMULA
24 IN SECTION 22-54-103.5. THE TERM DOES NOT INCLUDE ANY ADJUSTMENTS
25 REQUIRED PURSUANT TO SECTION 22-54-103.3 WHEN DETERMINING A
26 DISTRICT'S TOTAL PROGRAM FOR THE 2027-28 BUDGET YEAR THROUGH
27 THE 2030-31 BUDGET YEAR.

1 (b) "NEW FORMULA STATEWIDE TOTAL PROGRAM CALCULATION"
2 MEANS THE DISTRICT TOTAL PROGRAM FOR ALL DISTRICTS FOR THE
3 APPLICABLE BUDGET YEAR AS CALCULATED PURSUANT TO THE DISTRICT
4 TOTAL PROGRAM FORMULA IN SECTION 22-54-103.5. THE TERM DOES NOT
5 INCLUDE ANY ADJUSTMENTS REQUIRED PURSUANT TO SECTION
6 22-54-103.3 WHEN DETERMINING A DISTRICT'S TOTAL PROGRAM FOR THE
7 2027-28 BUDGET YEAR THROUGH THE 2030-31 BUDGET YEAR.

8 (c) "POSITIVE FACTOR" MEANS:

9 (I) FOR THE 2026-27 BUDGET YEAR, TWO PERCENT OF PROGRAM
10 FOUNDATION CALCULATED FOR THE 2025-26 BUDGET YEAR;

11 (II) FOR THE 2027-28 BUDGET YEAR THROUGH THE 2034-35
12 BUDGET YEAR, THE SUM OF:

13 (A) TWO PERCENT OF PROGRAM FOUNDATION FOR THE
14 IMMEDIATELY PRECEDING BUDGET YEAR; AND

15 (B) THE POSITIVE FACTOR FOR THE IMMEDIATELY PRECEDING
16 BUDGET YEAR; AND

17 (III) FOR THE 2035-36 BUDGET YEAR AND EACH BUDGET YEAR
18 THEREAFTER:

19 (A) TWO PERCENT OF PROGRAM FOUNDATION FOR THE 2034-35
20 BUDGET YEAR; AND

21 (B) THE POSITIVE FACTOR FOR THE 2034-35 BUDGET YEAR.

22 
23 (d) "PROGRAM FOUNDATION" MEANS:

24 (I) FOR BUDGET YEARS BEFORE TOTAL PROGRAM IS DETERMINED
25 PURSUANT TO SECTION 22-54-103.5, AN AMOUNT EQUAL TO STATE SHARE
26 OF TOTAL PROGRAM; AND

27 (II) FOR BUDGET YEARS WHEN TOTAL PROGRAM IS DETERMINED

1 PURSUANT TO SECTION 22-54-103.5, AN AMOUNT EQUAL TO NEW FORMULA
2 STATEWIDE TOTAL PROGRAM CALCULATION.

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

6 (f) "TWO PERCENT K-12 PUBLIC EDUCATION INCREASE" MEANS AN
7 AMOUNT EQUAL TO THE LESSER OF:

8 (I) THE POSITIVE FACTOR FOR THE CURRENT BUDGET YEAR; OR
9

10 (II) THE AMOUNT THAT THE STATE IS AUTHORIZED TO RETAIN AND
11 SPEND PURSUANT TO SECTION 24-77-302 (1) FOR THE BUDGET YEAR
12 MINUS, FOR THE 2027-28 BUDGET YEAR AND EACH BUDGET YEAR
13 THEREAFTER, AN AMOUNT EQUAL TO THE TOTAL DOLLAR AMOUNTS OF
14 WARRANTS ISSUED BY THE STATE TREASURER PURSUANT TO SECTION
15 39-3-207 (4) IN THE CURRENT BUDGET YEAR.

16 (2) FOR THE 2026-27 BUDGET YEAR AND EACH BUDGET YEAR
17 THEREAFTER, A DISTRICT'S SHARE OF POSITIVE FACTOR IS EQUAL TO:

18 (NEW FORMULA DISTRICT TOTAL PROGRAM CALCULATION / NEW
19 FORMULA STATEWIDE TOTAL PROGRAM CALCULATION) X (TWO PERCENT
20 K-12 PUBLIC EDUCATION INCREASE).

21 (3) FOR THE 2026-27 BUDGET YEAR AND EACH BUDGET YEAR
22 THEREAFTER, THE DEPARTMENT OF EDUCATION SHALL ANNUALLY
23 CALCULATE EACH DISTRICT'S NEW FORMULA DISTRICT TOTAL PROGRAM
24 CALCULATION AND THE NEW FORMULA STATEWIDE TOTAL PROGRAM
25 CALCULATION.

26 (4) FOR THE 2026-27 BUDGET YEAR AND EACH BUDGET YEAR
27 THEREAFTER, THE DEPARTMENT OF EDUCATION AND THE STAFF OF THE

1 LEGISLATIVE COUNCIL SHALL ANNUALLY DETERMINE EACH DISTRICT'S █
2 POSITIVE FACTOR █ BASED ON BUDGET PROJECTIONS; EXCEPT THAT THE
3 DEPARTMENT OF EDUCATION AND THE STAFF OF THE LEGISLATIVE COUNCIL
4 SHALL MAKE MID-YEAR REVISIONS TO REPLACE PROJECTIONS WITH
5 ACTUAL FIGURES TO DETERMINE ANY NECESSARY CHANGES IN THE
6 AMOUNT TO MAINTAIN THE POSITIVE FACTOR █ FOR THE APPLICABLE
7 BUDGET YEAR.

8 (5) A DISTRICT'S █ POSITIVE FACTOR █ IS IN ADDITION TO, BUT
9 IS NOT INCLUDED IN, THE DISTRICT'S TOTAL PROGRAM DETERMINED
10 PURSUANT TO THIS ARTICLE 54. THE POSITIVE FACTOR █ MUST BE
11 DISTRIBUTED IN THE SAME FORM AND MANNER IN WHICH PAYMENTS OF
12 TOTAL PROGRAM ARE DISTRIBUTED UNDER LAW TO ALL PUBLIC SCHOOLS.

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- 14 (6) A DISTRICT SHALL ONLY EXPEND ITS POSITIVE FACTOR TO:
- 15 (a) INCREASE TEACHER PAY;
 - 16 (b) IMPROVE TEACHER RETENTION;
 - 17 (c) LOWER CLASS SIZES; AND
 - 18 (d) INCREASE ACCESS TO CAREER AND TECHNICAL COURSES.

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21 **SECTION 3.** In Colorado Revised Statutes, **add** part 3 to article
22 77 of title 24 as follows:

23 PART 3
24 SUBMISSION OF BALLOT ISSUE
25 VOTER-APPROVED REVENUE CHANGE

26 **24-77-301. Definitions.**

27 AS USED IN THIS PART 3, UNLESS THE CONTEXT OTHERWISE

1 REQUIRES:

2

3 (1) "CHILDREN'S ACCOUNT" OR "ACCOUNT" MEANS THE
4 CHILDREN'S ACCOUNT CREATED IN SECTION 24-77-302 (2).

5

6 (2) "STATE PUBLIC EDUCATION FUNDING" MEANS THE AMOUNT
7 DETERMINED BY LEGISLATIVE COUNCIL STAFF PURSUANT TO SECTION
8 24-77-303 (1).

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

11 (4) "TWO PERCENT K-12 PUBLIC EDUCATION INCREASE" HAS THE
12 MEANING SET FORTH IN SECTION 22-54-103.7 (1)(f).

13 **24-77-302. Retention of excess state revenues - children's**
14 **account - definitions.**

15 (1) FOR STATE FISCAL YEARS COMMENCING ON OR AFTER JULY 1,
16 2026, THE STATE MAY RETAIN AND SPEND STATE REVENUES THAT THE
17 STATE OTHERWISE WOULD HAVE BEEN REQUIRED TO REFUND UNDER
18 SECTION 20 (7)(d) OF ARTICLE X OF THE STATE CONSTITUTION IN AN
19 AMOUNT EQUAL TO THE STATE PUBLIC EDUCATION FUNDING FOR THE
20 STATE FISCAL YEAR.

21 (2) (a) THERE IS HEREBY CREATED IN THE GENERAL FUND THE
22 CHILDREN'S ACCOUNT, WHICH CONSISTS OF:

23 (I) FOR STATE FISCAL YEAR 2026-27, AN AMOUNT OF MONEY
24 EQUAL TO THE AMOUNT THAT THE STATE RETAINS FOR STATE FISCAL YEAR
25 2026-27 PURSUANT TO SUBSECTION (1) OF THIS SECTION; AND

26 (II) FOR STATE FISCAL YEARS COMMENCING ON OR AFTER JULY 1,
27 2027, AN AMOUNT OF MONEY EQUAL TO THE AMOUNT THAT THE STATE

1 RETAINS FOR THE STATE FISCAL YEAR PURSUANT TO SUBSECTION (1) OF
2 THIS SECTION MINUS AN AMOUNT EQUAL TO THE TOTAL DOLLAR AMOUNT
3 OF WARRANTS ISSUED BY THE STATE TREASURER PURSUANT TO SECTION
4 39-3-207 (4) IN THE SAME STATE FISCAL YEAR.

5 (b) FOR EACH STATE FISCAL YEAR BEGINNING ON OR AFTER JULY
6 1, 2026, BUT BEFORE JULY 1, 2036, THE GENERAL ASSEMBLY:

7 (I) SHALL TRANSFER OR APPROPRIATE TO THE DEPARTMENT OF
8 EDUCATION AN AMOUNT EQUAL TO THE TWO PERCENT K-12 PUBLIC
9 EDUCATION INCREASE FOR THE STATE FISCAL YEAR AND THE
10 DEPARTMENT OF EDUCATION SHALL DISTRIBUTE THAT AMOUNT IN
11 ACCORDANCE WITH SECTION 22-54-103.7;

12 (II) SHALL APPROPRIATE OR TRANSFER AN AMOUNT FOR
13 INVESTMENT IN K-12 PUBLIC EDUCATION, TO BE USED FOR SCHOOL
14 SERVICES, DISABILITY SERVICES TO STUDENTS WITH DISABILITIES, AND
15 INCREASING ANNUAL CONTACT HOURS, EQUAL TO THE AMOUNT, IF ANY, BY
16 WHICH ONE HALF OF THE AMOUNT CREDITED TO THE ACCOUNT FOR THE
17 STATE FISCAL YEAR EXCEEDS THE AMOUNT APPROPRIATED OR
18 TRANSFERRED PURSUANT TO SUBSECTION (2)(b)(I) OF THIS SECTION FOR
19 THE STATE FISCAL YEAR; AND

20 (III) AFTER MAKING THE APPROPRIATIONS OR TRANSFERS
21 REQUIRED BY SUBSECTIONS (2)(b)(I) AND (2)(b)(II) OF THIS SECTION FOR
22 THE STATE FISCAL YEAR, SHALL APPROPRIATE OR TRANSFER THE
23 REMAINING MONEY IN THE ACCOUNT TO PROGRAMS THAT SUPPORT
24 COLORADO'S CHILDREN, PRIORITIZING CHILD CARE, FULL-DAY PRESCHOOL,
25 AND OTHER PROGRAMS THAT PREPARE CHILDREN TO BE SUCCESSFUL IN
26 SCHOOL.

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(3) THE APPROVAL OF THE BALLOT MEASURE INCLUDING THIS SECTION BY A MAJORITY OF THE ELECTORS VOTING ON THE BALLOT MEASURE 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.

(4) THIS SECTION DOES NOT AFFECT THE AMOUNT THAT THE STATE IS PERMITTED TO RETAIN AND SPEND UNDER THE EXCESS STATE REVENUES CAP, AS DEFINED IN SECTION 24-77-103.6 (6)(b)(I).

(5) THE MONEY THAT THE GENERAL ASSEMBLY APPROPRIATES OR TRANSFERS PURSUANT TO SUBSECTION (2)(b)(I) OF THIS SECTION SHALL SUPPLEMENT AND NOT SUPPLANT TOTAL PROGRAM, AS DEFINED IN SECTION 22-55-102 (18).

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

(1) ON OR BEFORE JANUARY 15, 2027, 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 GREATEST TOTAL AMOUNT IN A PRECEDING STATE FISCAL YEAR THAT HAS BEEN COUNTED AS STATE FISCAL YEAR SPENDING AND APPROPRIATED BY THE GENERAL ASSEMBLY FOR A PRECEDING STATE FISCAL YEAR FOR CATEGORICAL PROGRAMS AND THE STATE SHARE OF TOTAL PROGRAM AND THE AMOUNT OF THE TWO PERCENT K-12 PUBLIC EDUCATION INCREASE FOR THE SAME PRECEDING STATE FISCAL YEAR. THE AMOUNT DETERMINED AND REPORTED BY LEGISLATIVE COUNCIL STAFF PURSUANT TO THIS

1 SUBSECTION (1) ___ IS THE STATE PUBLIC EDUCATION FUNDING FOR THAT
2 STATE FISCAL YEAR.

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

5 (a) "CATEGORICAL PROGRAMS" HAS THE [] MEANING [] SET
6 FORTH IN SECTION 22-55-102 (4).

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

10 **24-77-304. Excess state revenues expenditure independent**
11 **audit.**

12 (1) ___ FOR EACH STATE FISCAL YEAR THAT THE STATE RETAINS
13 AND SPENDS STATE REVENUES IN EXCESS OF THE LIMITATION ON STATE
14 FISCAL YEAR SPENDING PURSUANT TO THIS PART 3, THE STATE AUDITOR
15 SHALL REPORT ON EXCESS STATE REVENUES, INCLUDING THE FOLLOWING
16 INFORMATION:

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

20 (b) A DESCRIPTION OF HOW THE STATE EXPENDED FROM THE
21 ACCOUNT THE STATE REVENUES THAT THE STATE RETAINED AND SPENT IN
22 EXCESS OF THE LIMITATION ON STATE FISCAL YEAR SPENDING PURSUANT
23 TO THIS PART 3.

24 (2) THE STATE AUDITOR SHALL COMPLETE THE REPORTING
25 REQUIRED BY SUBSECTION (1) OF THIS SECTION AT THE SAME TIME THAT
26 THE STATE AUDITOR COMPLETES THE REPORT REQUIRED PURSUANT TO
27 SECTION 2-3-103 (2) FOLLOWING A FISCAL YEAR IN WHICH THE STATE

1 RETAINS AND SPENDS STATE REVENUES IN EXCESS OF THE LIMITATION ON
2 STATE FISCAL YEAR SPENDING PURSUANT TO THIS PART 3 AND MAY AMEND
3 THE REPORT THEREAFTER AS NECESSARY.

4
5 **SECTION 4.** In Colorado Revised Statutes, 22-44-304, add

6 (1)(g) as follows:
7 **22-44-304. Financial reporting - online access to information**
8 **- definitions.**

9 (1) (g) (I) ADDITIONALLY, COMMENCING ON AUGUST 1, 2027,
10 EACH LOCAL EDUCATION PROVIDER, AS DEFINED IN SECTION 22-54-202,
11 SHALL POST IN A FORMAT THAT CAN BE DOWNLOADED AND SORTED, FOR
12 FREE PUBLIC ACCESS, THE LOCAL EDUCATION PROVIDER'S ACTUAL
13 EXPENDITURES OF ANY POSITIVE FACTOR RECEIVED PURSUANT TO
14 SECTION 22-54-103.7.

15 (II) AS USED IN THIS SUBSECTION (1)(g), UNLESS THE CONTEXT
16 OTHERWISE REQUIRES, "POSITIVE FACTOR" HAS THE MEANING SET FORTH
17 IN SECTION 22-54-103.7 (1)(c).

18 **SECTION 5.** In Colorado Revised Statutes, 24-77-106.5, amend
19 (1)(b) as follows:

20 **24-77-106.5. Annual financial report - certification of excess**
21 **state revenues.**

22 (1) (b) Notwithstanding section 24-1-136 (11)(a)(I), based upon
23 the financial report prepared in accordance with subsection (1)(a) of this
24 section for any given fiscal year, the controller shall certify to the
25 governor, the general assembly, and the executive director of the
26 department of revenue no later than September 1 following the end of a
27 fiscal year the amount of state revenues in excess of the limitation on

1 state fiscal year spending imposed by section 20 (7)(a) of article X of the
2 state constitution, if any, for such fiscal year and the state revenues in
3 excess of such limitation that the state is authorized to retain and spend
4 pursuant to voter approval of section 24-77-103.6 AND PART 3 OF THIS
5 ARTICLE 77.

6 **SECTION 6.** In Colorado Revised Statutes, 29-32-104, **amend**
7 (5) as follows:

8 **29-32-104. Permissible expenditures - affordable housing**
9 **programs - report - definitions.**

10 (5) If the Legislative Council Staff's March Economic and
11 Revenue Forecast in any given year projects revenue for the next state
12 fiscal year will fall below the revenue limit imposed under section 20 of
13 article X of the state constitution BY AN AMOUNT GREATER THAN THE
14 AMOUNT OF STATE PUBLIC EDUCATION FUNDING AS DEFINED IN SECTION
15 24-77-301 (2), the general assembly may reduce the funding allocated to
16 the office required by this section for the next state fiscal year in order to
17 balance the state budget for said state fiscal year.

18 **SECTION 7.** In Colorado Revised Statutes, 39-22-123.5, **amend**
19 (3.5)(a)(VIII) as follows:

20 **39-22-123.5. Earned income tax credit - legislative declaration**
21 **- repeal.**

22 (3.5) (a) As used in this subsection (3.5), unless the context
23 otherwise requires:

24 (VIII) "Nonexempt revenue" means, for the applicable state fiscal
25 year, the revenues that are identified as nonexempt revenues in the annual
26 comprehensive financial report published by the office of the state
27 controller; EXCEPT THAT, FOR STATE FISCAL YEARS COMMENCING ON OR

1 AFTER JULY 1, 2026, NONEXEMPT REVENUE INCLUDES STATE PUBLIC
2 EDUCATION FUNDING AS DEFINED IN SECTION 24-77-301 (2).

3 **SECTION 8.** In Colorado Revised Statutes, 39-22-130, **amend**
4 (2)(b)(II)(G) as follows:

5 **39-22-130. Family affordability tax credit - tax preference**
6 **performance statement - legislative declaration - definitions - repeal.**

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

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

9 (G) "Nonexempt revenue" means, for the applicable state fiscal
10 year, the revenue that is identified as nonexempt TABOR revenues in the
11 annual comprehensive financial report published by the office of the state
12 controller; EXCEPT THAT, FOR STATE FISCAL YEARS COMMENCING ON OR
13 AFTER JULY 1, 2026, NONEXEMPT REVENUE INCLUDES STATE PUBLIC
14 EDUCATION FUNDING AS DEFINED IN SECTION 24-77-301 (2).

15 **SECTION 9. Refer to people under referendum.** At the
16 election held on November 3, 2026, the secretary of state shall submit this
17 act by its ballot title to the registered electors of the state for their
18 approval or rejection. Each elector voting at the election may cast a vote
19 either "Yes/For" or "No/Against" on the following ballot title: "Shall state
20 investment in K-12 public education increase two percent each year for
21 the next ten years, with investments used to increase teacher pay, improve
22 teacher retention, lower class sizes, and increase access to career and
23 technical courses, without raising taxes but instead funded by raising the
24 annual limit on state fiscal year spending only by the amount spent on
25 public K-12 education as a voter-approved revenue change, and requiring
26 an annual publicly released, independent audit to show how the new
27 investments are spent?" Except as otherwise provided in section

1 1-40-123, Colorado Revised Statutes, if a majority of the electors voting
2 on the ballot title vote "Yes/For", then the act will become part of the
3 Colorado Revised Statutes.