Beginning in the 2017-18 budget year, the bill requires a school district to distribute revenue it receives from ongoing local property tax mill levies equally, on a per-student basis, to the school district charter schools. Under specified circumstances, the school district may distribute the revenue using a different calculation. The bill does not require a school district to redistribute to charter schools any amount of the mill
levy revenue that it distributed in budget years before the 2017-18 budget year.

The bill directs the department of education to calculate a mill levy equalization payment for each institute charter school in the amount of the per pupil share of the mill levy overrides of an institute charter school's accounting district. The state will pay the mill levy equalization amounts, subject to annual appropriations.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, add 22-30.5-112.4 as follows:

22-30.5-112.4. Charter schools - mill levy revenues - equalization - definitions. (1) As used in this section, unless the context otherwise requires:

(a) "Additional mill levy" means the number of mills that a school district levies that are in addition to the school district's total program mill levy established in section 22-54-106 (2), not including mills that a school district may levy under section 22-40-110 or article 42 or 43 of this title 22, and that are authorized by voters before, on, or after the effective date of this section.

(b) "Per pupil mill levy share" means an amount equal to the revenue that a school district collects from its additional mill levy for the applicable budget year divided by the school district's funded pupil count as defined in section 22-54-103 for the applicable budget year.

(c) "Restricted revenue" means revenue that a school district collects from its additional mill levy, the use of which is restricted by voters to a specific program, to students enrolled in a specific grade level, or to the terms of an
AGREEMENT BETWEEN A THIRD PARTY AND THE SCHOOL DISTRICT THAT GOVERNS THE USE OF THE REVENUE AND THAT EXISTED BEFORE THE EFFECTIVE DATE OF THIS SECTION.

(2) (a) FOR THE 2017-18 BUDGET YEAR AND EACH BUDGET YEAR THEREAFTER, EACH SCHOOL DISTRICT THAT AUTHORIZES A CHARTER SCHOOL SHALL DISTRIBUTE TO THE CHARTER SCHOOL AT LEAST ONE HUNDRED PERCENT OF AN AMOUNT EQUAL TO THE SCHOOL DISTRICT'S PER PUPIL MILL LEVY SHARE FOR THE APPLICABLE BUDGET YEAR MULTIPLIED BY THE NUMBER OF PUPILS, INCLUDING PRESCHOOL PROGRAM PUPILS, ENROLLED IN THE CHARTER SCHOOL FOR THE APPLICABLE BUDGET YEAR, AS REPORTED TO THE DEPARTMENT FOR THE APPLICABLE BUDGET YEAR PURSUANT TO SECTION 22-30.5-112 (1)(a). IN COUNTING THE NUMBER OF PUPILS ENROLLED IN THE CHARTER SCHOOL, THE SCHOOL DISTRICT SHALL COUNT A PUPIL ENROLLED IN KINDERGARTEN OR IN A PRESCHOOL PROGRAM AS AT LEAST A HALF-DAY PUPIL AND MAY, AT THE SCHOOL DISTRICT'S DISCRETION, COUNT A PUPIL WHO IS INCLUDED IN THE SCHOOL DISTRICT'S ONLINE PUPIL ENROLLMENT, AS DEFINED IN SECTION 22-54-103.

(b) NOTWITHSTANDING ANY PROVISION OF SUBSECTION (2)(a) OF THIS SECTION TO THE CONTRARY, IN CALCULATING THE AMOUNT DUE TO A CHARTER SCHOOL UNDER SUBSECTION (2)(a) OF THIS SECTION, A SCHOOL DISTRICT MAY SUBTRACT FROM THE AMOUNT DUE TO THE CHARTER SCHOOL ANY PORTION THAT IS RESTRICTED REVENUE IF THE CHARTER SCHOOL, DURING THE APPLICABLE BUDGET YEAR, CLEARLY DOES NOT PROVIDE THE SPECIFIC PROGRAM FOR WHICH THE RESTRICTED REVENUE IS AUTHORIZED BY VOTERS OR IF THE CHARTER SCHOOL, DURING THE APPLICABLE BUDGET YEAR, DOES NOT SERVE STUDENTS ENROLLED IN THE GRADE LEVEL FOR WHICH THE RESTRICTED REVENUE IS AUTHORIZED BY
VOTERS.

(c) NOTWITHSTANDING ANY PROVISION OF SUBSECTION (2)(a) OF THIS SECTION TO THE CONTRARY, IN CALCULATING THE AMOUNT DUE TO A CHARTER SCHOOL UNDER SUBSECTION (2)(a) OF THIS SECTION, A SCHOOL DISTRICT MAY SUBTRACT FROM THE AMOUNT DUE TO THE CHARTER SCHOOL ANY PORTION THAT IS RESTRICTED REVENUE BECAUSE IT IS SUBJECT TO A THIRD-PARTY AGREEMENT THAT EXISTED BEFORE THE EFFECTIVE DATE OF THIS SECTION; EXCEPT THAT, IF THE THIRD PARTY AND THE SCHOOL DISTRICT AMEND THE TERMS OF THE AGREEMENT TO ALLOW DISTRIBUTION OF THE REVENUE TO A CHARTER SCHOOL, THE REVENUE CEASES TO BE RESTRICTED REVENUE AND THE SCHOOL DISTRICT SHALL DISTRIBUTE THE REVENUE TO A CHARTER SCHOOL IN ACCORDANCE WITH SUBSECTION (2)(a) OF THIS SECTION.

(d) NOTWITHSTANDING ANY PROVISION OF SUBSECTION (2)(a) OF THIS SECTION TO THE CONTRARY, IF, BEFORE THE EFFECTIVE DATE OF THIS SECTION, A LOCAL SCHOOL BOARD HAS ADOPTED A WRITTEN POLICY THAT DIRECTS THE SCHOOL DISTRICT TO DISTRIBUTE ANY PORTION OF ITS ADDITIONAL MILL LEVY REVENUE TO SPECIFICALLY BENEFIT STUDENTS ENROLLED IN ALTERNATIVE EDUCATION CAMPUSES, STUDENTS WHO QUALIFY FOR REDUCED-PRICE MEALS UNDER THE FEDERAL "RICHARD B. RUSSELL NATIONAL SCHOOL LUNCH ACT", 42 U.S.C. SEC. 1751 ET SEQ., STUDENTS WHO ARE IDENTIFIED AS ENGLISH LANGUAGE LEARNERS UNDER SECTION 22-24-105, OR STUDENTS WHO HAVE INDIVIDUALIZED EDUCATION PROGRAMS UNDER PART 1 OF ARTICLE 20 OF THIS TITLE 22, THE SCHOOL DISTRICT MAY CONTINUE DISTRIBUTING THE REVENUE FOR THESE PURPOSES, SO LONG AS THE AMOUNT DISTRIBUTED FOR EACH STUDENT IS THE SAME REGARDLESS OF WHETHER THE STUDENT IS ENROLLED IN A
CHARTER SCHOOL OR ANOTHER SCHOOL OF THE SCHOOL DISTRICT. IF THE SCHOOL DISTRICT CHANGES THE DISTRIBUTION OF REVENUE FOR THESE PURPOSES AFTER THE EFFECTIVE DATE OF THIS SECTION, THE SCHOOL DISTRICT SHALL DISTRIBUTE THE REVENUE IN ACCORDANCE WITH SUBSECTION (2)(a) OF THIS SECTION. THE SCHOOL DISTRICT SHALL DISTRIBUTE ANY AMOUNT OF ADDITIONAL MILL LEVY REVENUE THAT REMAINS AFTER DISTRIBUTION FOR THESE PURPOSES IN ACCORDANCE WITH SUBSECTION (2)(a) OF THIS SECTION.

(e) NOTWITHSTANDING ANY PROVISION OF SUBSECTION (2)(a) OF THIS SECTION TO THE CONTRARY, IF A SCHOOL DISTRICT AUTHORIZES A CHARTER SCHOOL THAT IS PHYSICALLY LOCATED WITHIN THE GEOGRAPHIC BOUNDARIES OF ANOTHER SCHOOL DISTRICT, THE CHARTERING SCHOOL DISTRICT IS REQUIRED TO DISTRIBUTE TO THE CHARTER SCHOOL AN AMOUNT EQUAL TO THE PER PUPIL MILL LEVY SHARE MULTIPLIED ONLY BY THE NUMBER OF STUDENTS ENROLLED IN THE CHARTER SCHOOL WHO RESIDE WITHIN THE AUTHORIZING SCHOOL DISTRICT, WHICH AMOUNT MAY BE ADJUSTED AS PROVIDED IN SUBSECTIONS (2)(b) TO (2)(d) OF THIS SECTION, AS APPROPRIATE. THE AUTHORIZING SCHOOL DISTRICT MAY CHOOSE TO DISTRIBUTE A GREATER PORTION OF THE ADDITIONAL MILL LEVY REVENUE TO THE CHARTER SCHOOL.

(3) THIS SECTION DOES NOT REQUIRE A SCHOOL DISTRICT TO RECALCULATE THE DISTRIBUTION OF, OR TO REDISTRIBUTE, ANY ADDITIONAL MILL LEVY REVENUE THAT THE SCHOOL DISTRICT COLLECTED BEFORE THE 2017-18 BUDGET YEAR.

SECTION 2. In Colorado Revised Statutes, add 22-30.5-513.1 as follows:

22-30.5-513.1. Institute charter schools - mill levy equalization
payments - definitions - reporting. (1) As used in this section, unless the context otherwise requires:

   (a) "Accounting district" has the same definition as provided in section 22-30.5-513 (1)(a).

   (b) "Additional mill levy" means the number of mills that an accounting district levies that are in addition to the accounting district's total program mill levy established in section 22-54-106 (2), not including mills authorized pursuant to section 22-40-110 or article 42 or 43 of this title 22, and that are authorized by voters before, on, or after the effective date of this section.

(2) (a) Beginning with the 2017-18 budget year, the department shall transfer to the institute, and the institute shall distribute to each institute charter school, the amount of the mill levy equalization payment that the department calculates for each institute charter school pursuant to this section.

   (b) The department shall calculate the mill levy equalization payment for each institute charter school by dividing the amount of additional local property tax revenues that the accounting district for the institute charter school is entitled to receive from the additional mill levy for the applicable budget year, assuming one hundred percent collection, by the accounting district's funded pupil count for the applicable budget year, and multiplying that amount by the number of pupils enrolled in the institute charter school for the applicable budget year. Before calculating an institute charter
SCHOOL'S MILL LEVY EQUALIZATION PAYMENT IN EACH BUDGET YEAR, THE
DEPARTMENT SHALL SUBTRACT FROM THE ACCOUNTING DISTRICT'S
ADDITIONAL LOCAL PROPERTY TAX REVENUES ANY AMOUNT OF REVENUES
THAT ARE SPECIFICALLY AUTHORIZED BY VOTERS TO BE USED ONLY FOR
A SPECIFIC PROGRAM THAT THE INSTITUTE CHARTER SCHOOL CLEARLY
DOES NOT PROVIDE DURING THE APPLICABLE BUDGET YEAR OR FOR A
GRADE LEVEL THAT THE INSTITUTE CHARTER SCHOOL DOES NOT SERVE
DURING THE APPLICABLE BUDGET YEAR.

(c) THE INSTITUTE SHALL DISTRIBUTE TO EACH INSTITUTE
CHARTER SCHOOL ONE HUNDRED PERCENT OF THE AMOUNT OF THE MILL
LEVY EQUALIZATION PAYMENT THAT THE DEPARTMENT CALCULATES AND
TRANSFERS PURSUANT TO THIS SECTION FOR THE INSTITUTE CHARTER
SCHOOL FOR THE APPLICABLE BUDGET YEAR.

(3) EACH ACCOUNTING DISTRICT SHALL ANNUALLY REPORT TO THE
DEPARTMENT:

(a) THE TOTAL AMOUNT OF ADDITIONAL LOCAL PROPERTY TAX
REVENUES IT IS ENTITLED TO RECEIVE FROM THE ADDITIONAL MILL LEVY
FOR THE APPLICABLE BUDGET YEAR, ASSUMING ONE HUNDRED PERCENT
COLLECTION;

(b) ANY PORTION OF THE AMOUNT OF ADDITIONAL LOCAL
PROPERTY TAX REVENUES THAT IS SPECIFICALLY AUTHORIZED BY VOTERS
TO BE USED ONLY FOR A SPECIFIC PROGRAM OR GRADE LEVEL; AND

(c) THE SPECIFIC PROGRAMS OR GRADE LEVELS FOR WHICH ALL OR
A PORTION OF THE ADDITIONAL LOCAL PROPERTY TAX REVENUES ARE
AUTHORIZED BY VOTERS TO BE USED.

(4) IT IS THE GENERAL ASSEMBLY'S INTENT TO ANNUALLY
APPROPRIATE TO THE DEPARTMENT THE AMOUNT REQUIRED TO FULLY
FUND THE MILL LEVY EQUALIZATION PAYMENTS DESCRIBED IN THIS SECTION. IN A BUDGET YEAR IN WHICH THE GENERAL ASSEMBLY DOES NOT APPROPRIATE A SUFFICIENT AMOUNT TO FULLY FUND THE MILL LEVY EQUALIZATION PAYMENTS, THE DEPARTMENT SHALL REDUCE THE AMOUNT OF EACH INSTITUTE CHARTER SCHOOL'S MILL LEVY EQUALIZATION PAYMENT BY THE SAME PERCENTAGE THAT THE APPROPRIATION DEFICIT BEARS TO THE AMOUNT REQUIRED TO FULLY FUND THE MILL LEVY EQUALIZATION PAYMENTS. IN A BUDGET YEAR IN WHICH THE GENERAL ASSEMBLY DOES NOT APPROPRIATE ANY MONEY TO FUND THE MILL LEVY EQUALIZATION PAYMENTS, THE DEPARTMENT, THE INSTITUTE, AND THE ACCOUNTING DISTRICTS ARE NOT REQUIRED TO COMPLY WITH THE PROVISIONS OF THIS SECTION.

SECTION 3. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 9, 2017, if adjournment sine die is on May 10, 2017); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2018 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.