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**K-12 Capital
Construction
Finance
Committee**

**Report to the
COLORADO
LEGISLATIVE COUNCIL**

**Colorado Legislative Council
Research Publication No. 421
October 1996**

RECOMMENDATIONS FOR 1997

**K-12 CAPITAL CONSTRUCTION
FINANCE COMMITTEE**

**Report to the
Colorado General Assembly**

**Research Publication No. 421
November 1996**

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October 30, 1996

To Members of the Sixty-first General Assembly:

Submitted herewith is the final report of the Committee on K-12 Capital Construction Finance. This committee was established under House Joint Resolution 96-1025.

At its meeting on October 10, 1996, the Legislative Council reviewed a draft report of this committee. A motion to forward this report and the bills therein for consideration in the 1997 session was approved.

Respectfully submitted,

/s/ Senator Tom Norton
Chairman
Legislative Council

TN/CW/eg

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K-12 CAPITAL CONSTRUCTION FINANCE COMMITTEE

Members of the Committee

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Senator Ben Alexander, Vice Chairman	Representative Doug Lamborn
Senator Tilman Bishop	Representative Steve Tool
Senator Mike Coffman	Representative Maryanne Keller
Senator Joan Johnson	

Legislative Council Staff

Chris Ward Senior Analyst	Deb Godshall Principal Analyst
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EXECUTIVE SUMMARY

The Committee on K-12 Capital Construction Finance recommends one concurrent resolution and two bills for consideration in the 1997 legislative session.

Committee Charge

Created under House Joint Resolution 96-1025, the committee was directed to study issues related to public school capital construction, including strategies and revenue sources for financing such construction.

Committee Activities

The committee held three public meetings and had discussions that drew upon research from national, state, and local sources. In addition, the committee solicited public testimony from school district representatives and other knowledgeable people.

Committee Recommendations

The Committee on K-12 Capital Construction Finance recommends the following:

Bill A — State assistance for school district capital construction. Bill A establishes a process for distributing matching grants to districts with less than statewide average property wealth, focusing the largest grants on the poorest districts. The grants are to be prioritized by the State Board of Education based on safety, low wealth, enrollment growth, and technology and can only be used for instructional facilities.

Bill B — Coordinated planning between school districts and local governing bodies. Bill B requires that local governing bodies and school districts coordinate planning so as to incorporate school sites and facilities in local government master plans.

Concurrent Resolution A — Reallocating lottery proceeds for school buildings. Concurrent Resolution A requests voter approval to reallocate \$32 million of annual lottery proceeds to school construction and renovation purposes instead of being used for parks and open space.

COMMITTEE REPORT

Committee Charge

Created under House Joint Resolution 96-1025, the committee was directed to study several issues related to public school capital construction. In particular, the committee was directed to review and evaluate the following:

- (a) existing studies relating to school capital construction;
- (b) various methods and strategies for financing school construction, renovation, maintenance, and repair; and
- (c) revenue sources which could be used to help finance K-12 capital construction.

COMMITTEE ACTIVITIES

Over the interim, the committee held three public meetings and considered the three major topics related to its charge. First, the committee reviewed research from local, state, and national sources about the problems school districts face in providing adequate school facilities. This review included an examination of mechanisms used in other states to fund school construction and renovation. Second, the committee solicited advice throughout its hearings on how best to address the problem of providing adequate school facilities in Colorado. Finally, the committee evaluated alternative sources of revenue that could be used to help school districts finance capital construction and renovation.

Previous studies and other research. In addition to taking testimony from school district representatives and other interested parties, the committee reviewed the findings from several studies, including the following:

- a survey of Colorado school districts indicating roughly \$2.5 billion in capital construction needs by the year 2000;
- an analysis of the capital construction dilemma in Colorado and a comparison of alternative solutions;
- several summaries of capital construction programs in other states;
- a description of options for establishing a capital construction assistance program in Colorado;
- a description of state bonding authorities;
- several national studies related to capital construction needs;
- an historical analysis of debt elections to fund capital construction projects in Colorado school districts; and
- a Colorado State Auditor's report on the Colorado Association of School Boards' Lease Purchase program.

After reviewing previous studies, the committee concluded that school districts in Colorado face roughly \$2.5 billion in capital construction needs over the next five years. Those needs are primarily related to new school construction to meet enrollment growth and major renovations to upgrade existing facilities for safety and technology.

Strategies for financing school construction. Representatives from school districts and other education-related organizations as well as experts from the field of public finance offered suggestions on how to address the problems districts face in

providing facilities for educating students. In addition, the committee reviewed legislative programs in other states that provide financial assistance to school districts. The committee spent a considerable amount of time on the subject of state bonding authorities, and, in particular, how such an authority would lower the cost of issuing debt backed by local resources. The committee also discussed the use of lease purchase financing, revolving loan programs, state matching grants, and the state's Capital Construction Fund.

Throughout its discussions, the committee returned to the difficult issue of how to allocate limited state resources since these resources are insufficient to meet all of the capital needs faced by school districts. As a result, the committee chose to focus the benefits of its proposed assistance program on districts with the least amount of local resources. Further, the committee proposed a series of priorities for allocating state resources that include safety and health hazards, low property wealth, high enrollment growth, and technology.

Revenue sources. The committee made note of several sources of revenue that might be dedicated to helping school districts finance their capital construction needs. At the state level, these included revenue derived from the use of state school lands, interest earned on the public school permanent fund, and proceeds from the state's lottery. The committee also discussed funds that might be made available at the federal level, funds provided by other units of local government in exchange for use of school facilities, and assistance from the private sector.

SUMMARY OF RECOMMENDATIONS

The Committee on K-12 Capital Construction Finance recommends one concurrent resolution and two bills.

Bill A — State Assistance for School District Capital Construction

Bill A implements the reallocation of lottery proceeds set forth in Concurrent Resolution A, and establishes a process for distributing revenue from the School Construction and Renovation Fund to school districts for capital construction purposes. Along with Concurrent Resolution A, Bill A would make \$32 million annually available from lottery proceeds to fund school construction needs.

Funding for school districts under Bill A is allocated through matching grants such that districts with less than the statewide average assessed value per pupil are funded up to the statewide average. Thus, a district whose assessed valuation per pupil is half of the statewide average would be eligible for a matching grant from the state equal to one-half of the cost of an eligible project. The formula contains no provisions for providing funding to districts at or above the statewide average assessed valuation per pupil.

Under Bill A, the State Board of Education is directed to accept applications for funding and prioritize projects based on a series of statutory criteria including safety and health hazards, low relative property wealth, high enrollment growth, and the use of technology. Grant applications are due to the state board by July 1 of each year and the state board must submit the list of prioritized projects to the Joint Budget Committee and the House and Senate Education Committees by December 1. Funding is provided only for instructional facilities, and only for those projects that have been evaluated and included on the prioritized list. Under Bill A, the list of prioritized projects submitted by the state board cannot be altered by the General Assembly.

The state board is authorized to prescribe the application form, to request additional information from applicants, and to establish rules for implementing the program. Funds distributed from the School Construction and Renovation Fund are not considered part of "fiscal year spending" for purposes of either the state or school district TABOR spending limitations.

Bill B — Coordinated Planning Between School Districts and Local Governing Bodies

Bill B requires that local governing bodies and school districts coordinate planning so as to incorporate school sites and facilities in local government master plans. School districts must submit a facilities report by October 1 of each year to the local governing bodies that are located within the school district and that have master planning responsibilities. Local governing bodies then must incorporate the school district facilities' plans into their master plans when those plans are revised or otherwise updated.

Concurrent Resolution A — Reallocating Lottery Proceeds for School Buildings

Concurrent Resolution A is a request for voter approval to reallocate a portion of lottery proceeds to school construction and renovation purposes beginning in fiscal year 1998-99, instead of being used for parks and open space. Under current law, a portion of lottery proceeds are used to repay certain capital construction obligations of the state. The resolution would allocate roughly the same amount that is currently being used to repay the state's capital construction obligations (\$32 million out of the \$100 million available from lottery proceeds) to the School Construction and Renovation Fund. The remaining lottery proceeds would be allocated to the Great Outdoors Colorado Trust Fund, the Conservation Trust Fund, and the Division of Parks and Outdoor Recreation, in the same proportions as under current law. Concurrent Resolution A also excludes lottery proceeds allocated to the School Construction and Renovation Fund from the definition of "fiscal year spending" for purposes of TABOR spending limitations.

MATERIALS AVAILABLE

Committee Hearings

The nine-member Committee on K-12 Capital Construction Finance held three hearings during the 1996 interim: August 19, September 16, and September 30. All of the committee's hearings were held in House Committee Room 0107 of the State Capitol. Summaries were prepared for each of the meetings and are on file, along with other items discussed during the meetings, in the Legislative Council Office.

Additional Materials

There were several items that were distributed to the members of the committee, discussed during committee hearings, or referred to in staff research. These additional materials are listed below and are on file in the joint legislative library.

- a survey of school districts' capital construction needs indicating roughly \$2.5 billion in capital needs by the year 2000, conducted by the firm of Augenblick and Myers and sponsored by the Colorado Association of School Boards, the Colorado Association of School Executives, and the Colorado Education Association;
- an analysis of the capital construction dilemma in Colorado and a comparison of alternative solutions, by Representative Jeanne Adkins and the Ad Hoc School Capital Construction Committee;
- a report on equity as it relates to school facilities funding in Arizona, Ohio, and Texas by Faith Crampton and Terry Whitney of the National Conference of State Legislatures;
- a summary of capital construction programs in other states by Legislative Council staff;
- an analysis of options for establishing a capital construction program in Colorado by Legislative Council staff;
- several studies related to capital construction needs conducted by the General Accounting Office;
- a summary of recent state Supreme Court decisions on the issue of capital construction by Legislative Council staff;

- a description of state bonding authorities by the Office of Legislative Legal Services;
- an historical analysis of capital construction elections in Colorado by Rudy Andras of Dain Bosworth Incorporated;
- a report on the Colorado Association of School Boards' Lease Purchase program by the State Auditor's Office;
- a 1989 study of capital construction needs nationwide conducted by the Education Writers Association;
- the findings of the Infrastructure Study Group, a subcommittee of the National Association of State Boards of Education;
- several news clippings related to the financing of school facilities;
- a memorandum indicating assessed value per pupil in Colorado school districts by Legislative Council staff;
- a memorandum detailing lottery revenue estimates by the Joint Budget Committee staff;
- a review of the state lottery program by the State Auditor's Office; and
- a packet of information describing the Colorado Housing and Finance Authority.

Bill A

A BILL FOR AN ACT

CONCERNING AN ASSISTANCE PROGRAM FOR SCHOOL DISTRICT CAPITAL
CONSTRUCTION.

Bill Summary

"School District Capital Construction"

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

K-12 Capital Construction Interim Committee. Establishes a school construction and renovation fund to receive lottery moneys allocated to it by the state constitution. Provides that moneys in the fund are to be used to make matching grants to school districts for capital construction projects. Declares the policy of the general assembly not to provide matching grants for any projects that have not been evaluated and included on the prioritized list prepared by the state board of education. Provides that expenditures of moneys from the fund are not part of state or school district fiscal year spending.

Permits use of moneys in the school construction and renovation fund for capital construction projects involving instructional facilities, including classrooms, libraries, physical plants, and administrative areas; however, does not permit use of moneys in the fund for athletic, recreational, or other noninstructional facilities.

Requires grant applications to be submitted by school districts to the state board of education no later than July 1 of each year. Declares the intent of the general assembly that, in applying for grants, school districts give consideration to the needs of both traditional public schools and charter schools. Directs the state board or its designees to review the applications and to prioritize them based on the relationship of the project to safety concerns, the relative wealth of the school district, the enrollment growth within the district, and whether the project will assist in incorporating technology into the educational environment. Authorizes the state board to prescribe the form of the applications, to request additional information, and to promulgate rules for the implementation of the program. Directs the state board to transmit its prioritized list of eligible projects to the joint budget committee and the

education committees of the house and senate no later than December 1 of each year. Provides that the joint budget committee shall determine how many of the eligible projects can receive grants of moneys from the fund, that only projects on the prioritized list may receive grants of moneys from the fund, and that the projects shall be funded in the priority determined by the state board.

Provides that the amount of a grant shall be no more than the difference between the school district assessed valuation per pupil and the statewide average assessed valuation per pupil, expressed as a percentage, multiplied by the cost of the capital construction project.

Makes conforming amendments. Provides that this act shall not take effect unless the constitutional amendment providing for the use of lottery revenues for these purposes is adopted by the electorate.

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

SECTION 1. Title 22, Colorado Revised Statutes, 1995 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW ARTICLE to read:

ARTICLE 43.7

School District Capital Construction

Assistance Program

22-43.7-101. Legislative declaration. (1) THE GENERAL ASSEMBLY

HEREBY FINDS AND DECLARES THAT:

(a) SECTION 2 OF ARTICLE IX OF THE STATE CONSTITUTION REQUIRES THE GENERAL ASSEMBLY TO PROVIDE FOR THE ESTABLISHMENT AND MAINTENANCE OF A THOROUGH AND UNIFORM SYSTEM OF FREE PUBLIC SCHOOLS THROUGHOUT THE STATE;

(b) THE GENERAL ASSEMBLY DESIRES TO ASSIST SCHOOL DISTRICTS IN ENSURING THAT PUBLIC SCHOOLS IN COLORADO ARE SUFFICIENT TO MEET STUDENTS' FUNDAMENTAL EDUCATIONAL NEEDS; AND

(c) COLORADO SCHOOL DISTRICTS HAVE DIFFERING FINANCIAL ABILITIES TO MEET THESE FACILITIES NEEDS, INCLUDING BOTH THE NEED FOR NEW PUBLIC SCHOOLS AND THE NEED FOR RENOVATIONS OF AND CONTROLLED MAINTENANCE AT PUBLIC SCHOOLS.

(2) THE GENERAL ASSEMBLY FURTHER FINDS AND DECLARES THAT THE ESTABLISHMENT OF A PROGRAM TO PROVIDE MATCHING GRANTS TO SCHOOL DISTRICTS FOR CAPITAL CONSTRUCTION PROJECTS WOULD ASSIST THE DISTRICTS IN MEETING THEIR FACILITIES NEEDS.

(3) IT IS THE INTENT OF THE GENERAL ASSEMBLY IN ENACTING THIS ARTICLE TO ESTABLISH A PROGRAM THAT WILL PROVIDE MATCHING FUNDS TO SCHOOL DISTRICTS THAT DESIRE TO UNDERTAKE CAPITAL CONSTRUCTION PROJECTS AND THAT HAVE A NEED FOR FINANCIAL ASSISTANCE IN ORDER TO UNDERTAKE THESE PROJECTS ADEQUATELY.

22-43.7-102. Definitions. AS USED IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(1) "CAPITAL CONSTRUCTION" SHALL HAVE THE MEANING SET FORTH IN SECTION 24-75-301 (1), C.R.S.

(2) "FUND" MEANS THE SCHOOL CONSTRUCTION AND RENOVATION FUND CREATED BY SECTION 3 (1) (b.5) (I) OF ARTICLE XXVII OF THE STATE CONSTITUTION AND ESTABLISHED PURSUANT TO THIS ARTICLE.

(3) "STATE AID" MEANS THAT PORTION OF A SCHOOL DISTRICT'S FINANCIAL BASE OF SUPPORT FOR PUBLIC EDUCATION THAT IS PROVIDED BY THE STATE PURSUANT TO ARTICLE 54 OF THIS TITLE.

(4) "STATE BOARD" MEANS THE STATE BOARD OF EDUCATION CREATED PURSUANT TO SECTION 1 OF ARTICLE IX OF THE STATE CONSTITUTION.

22-43.7-103. School construction and renovation fund - created - purpose - exemption from fiscal year spending - legislative declaration. (1) THERE IS HEREBY ESTABLISHED IN THE STATE TREASURY THE SCHOOL CONSTRUCTION AND RENOVATION FUND. THE FUND SHALL CONSIST OF THE MONEYS ALLOCATED THERETO BY SECTION 3 (1) (b.5) (I) OF ARTICLE XXVII OF THE STATE CONSTITUTION AND SUCH ADDITIONAL MONEYS AS MAY BE MADE AVAILABLE BY THE GENERAL ASSEMBLY.

(2) SUBJECT TO APPROPRIATION BY THE GENERAL ASSEMBLY, MONEYS IN THE FUND SHALL BE USED TO PROVIDE MATCHING GRANTS TO SCHOOL DISTRICTS THAT ARE UNDERTAKING QUALIFIED CAPITAL CONSTRUCTION PROJECTS AND FOR THE EXPENSES INCURRED BY THE STATE BOARD IN ADMINISTERING THIS ARTICLE.

(3) IT IS DECLARED TO BE THE POLICY OF THE GENERAL ASSEMBLY THAT MATCHING GRANTS FROM THE FUND SHALL NOT BE AUTHORIZED FOR ANY SCHOOL DISTRICT CAPITAL CONSTRUCTION PROJECT THAT HAS NOT BEEN EVALUATED BY THE STATE BOARD AND INCLUDED ON THE PRIORITIZED LIST PREPARED BY THE STATE BOARD PURSUANT TO THIS ARTICLE.

(4) PURSUANT TO SECTION 3 (1) (b.5) (I) OF ARTICLE XXVII OF THE STATE CONSTITUTION, MONEYS APPROPRIATED FROM THE FUND SHALL NOT BE INCLUDED IN EITHER STATE OR SCHOOL DISTRICT FISCAL YEAR SPENDING FOR PURPOSES OF SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION AND SECTION 24-77-102 (17), C.R.S.

(5) ALL INTEREST DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEYS IN THE FUND SHALL BE CREDITED TO THE FUND. ANY MONEYS NOT APPROPRIATED SHALL REMAIN IN THE FUND AND SHALL NOT BE TRANSFERRED OR REVERT TO THE GENERAL FUND OF THE STATE AT THE END OF ANY FISCAL YEAR.

22-43.7-104. Eligible projects - criteria. (1) MATCHING GRANTS MAY BE PROVIDED FROM THE FUND PURSUANT TO THIS ARTICLE ONLY FOR SCHOOL DISTRICT CAPITAL CONSTRUCTION PROJECTS INVOLVING INSTRUCTIONAL FACILITIES, INCLUDING CLASSROOMS, LIBRARIES, PHYSICAL PLANTS, AND ASSOCIATED ADMINISTRATIVE AREAS.

(2) MATCHING GRANTS SHALL NOT BE PROVIDED PURSUANT TO THIS ARTICLE FOR ANY PORTION OF A SCHOOL DISTRICT CAPITAL CONSTRUCTION PROJECT INVOLVING ATHLETIC, RECREATIONAL, OR OTHER NONINSTRUCTIONAL FACILITIES WITHIN THE DISTRICT, EVEN IF SUCH FACILITIES ARE LOCATED ON A SCHOOL SITE.

22-43.7-105. Grant application requirements - evaluation criteria - state board - duties. (1) APPLICATIONS FOR MATCHING GRANTS FROM THE FUND SHALL BE SUBMITTED TO THE STATE BOARD NO LATER THAN JULY 1 OF EACH YEAR FOR THE FOLLOWING FISCAL YEAR.

(2) THE MEMBERS OF THE STATE BOARD OR ITS DESIGNEES SHALL EVALUATE SUCH APPLICATIONS BASED ON THE FACTORS SET FORTH IN THIS SECTION AND SUCH OTHER FACTORS AS THE STATE BOARD MAY ESTABLISH BY RULE. SUCH RULES SHALL BE PROMULGATED IN ACCORDANCE WITH ARTICLE 4 OF TITLE 24, C.R.S.

(3) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT, IN SUBMITTING APPLICATIONS FOR MATCHING GRANTS PURSUANT TO THIS SECTION, SCHOOL DISTRICTS GIVE CONSIDERATION TO THE NEEDS OF ALL PUBLIC SCHOOLS LOCATED WITHIN THE DISTRICT, INCLUDING BOTH TRADITIONAL PUBLIC SCHOOLS AND CHARTER SCHOOLS ESTABLISHED PURSUANT TO ARTICLE 30.5 OF THIS TITLE.

(4) ALL APPLICATIONS SUBMITTED TO THE STATE BOARD SHALL BE IN A FORM PRESCRIBED BY THE STATE BOARD AND SHALL INCLUDE:

(a) A DESCRIPTION OF THE SCOPE AND NATURE OF THE CAPITAL CONSTRUCTION PROJECT;

(b) A DESCRIPTION OF THE ARCHITECTURAL, FUNCTIONAL, AND CONSTRUCTION STANDARDS THAT ARE TO BE APPLIED TO THE FACILITY THAT IS THE SUBJECT OF THE CAPITAL CONSTRUCTION PROJECT;

(c) THE FORM AND AMOUNT OF FINANCIAL EFFORT THAT WILL BE PROVIDED BY THE SCHOOL DISTRICT FOR THE CAPITAL CONSTRUCTION PROJECT;

(d) WHETHER AN ELECTION IS REQUIRED BEFORE THE DISTRICT CAN PROCEED WITH THE CAPITAL CONSTRUCTION PROJECT AND, IF SO, THE ANTICIPATED DATE OF THE ELECTION; AND

(e) SUCH OTHER INFORMATION THE STATE BOARD MAY REQUIRE FOR THE EVALUATION OF THE CAPITAL CONSTRUCTION PROJECT.

(5) APPLICATIONS THAT DESCRIBE CAPITAL CONSTRUCTION PROJECTS DEEMED ELIGIBLE BY THE STATE BOARD FOR MATCHING GRANTS SHALL BE PRIORITIZED BASED ON THE FOLLOWING CRITERIA, IN DESCENDING ORDER OF IMPORTANCE:

(a) CAPITAL CONSTRUCTION PROJECTS THAT WILL ADDRESS IMMEDIATE SAFETY HAZARDS OR HEALTH CONCERNS AT EXISTING SCHOOL FACILITIES, CONSIDERING THE AGE OF THE FACILITIES AND ANY PREVIOUS RENOVATION

WORK OR CONTROLLED MAINTENANCE THAT HAS BEEN PERFORMED AT THE FACILITIES;

(b) CAPITAL CONSTRUCTION PROJECTS IN A SCHOOL DISTRICT THAT HAS A LOWER RELATIVE WEALTH COMPARED TO OTHER SCHOOL DISTRICTS IN THE STATE BASED ON THE PER PUPIL ASSESSED VALUATION WITHIN THE DISTRICT AND THE AMOUNT OF STATE AID TO WHICH THE SCHOOL DISTRICT IS ENTITLED RELATIVE TO THE DISTRICT'S TOTAL PROGRAM, AS DEFINED IN SECTION 22-54-103 (6);

(c) CAPITAL CONSTRUCTION PROJECTS THAT WILL ADDRESS ENROLLMENT GROWTH ISSUES WITHIN A SCHOOL DISTRICT, CONSIDERING THE AMOUNT OF ENROLLMENT GROWTH IN THE SCHOOL DISTRICT AND OTHER STEPS TAKEN BY THE SCHOOL DISTRICT TO ADDRESS ENROLLMENT GROWTH CONCERNS;

(d) CAPITAL CONSTRUCTION PROJECTS THAT ARE DESIGNED TO INCORPORATE TECHNOLOGY INTO THE EDUCATIONAL ENVIRONMENT;

(e) ALL OTHER CAPITAL CONSTRUCTION PROJECTS.

(6) FROM THE APPLICATIONS SUBMITTED FOR THE NEXT FISCAL YEAR, THE STATE BOARD SHALL PREPARE A PRIORITIZED LIST OF ELIGIBLE CAPITAL CONSTRUCTION PROJECTS AND SHALL SUBMIT SUCH LIST TO THE JOINT BUDGET COMMITTEE OF THE GENERAL ASSEMBLY NO LATER THAN DECEMBER 1 OF EACH YEAR FOR CONSIDERATION FOR INCLUSION IN THE GENERAL APPROPRIATIONS BILL. SAID LIST SHALL ALSO BE SUBMITTED TO THE

EDUCATION COMMITTEES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES NO LATER THAN DECEMBER 1. THE JOINT BUDGET COMMITTEE SHALL DETERMINE THE NUMBER OF CAPITAL CONSTRUCTION PROJECTS ON THE LIST THAT MAY RECEIVE MATCHING GRANTS FROM MONEYS AVAILABLE IN THE FUND. ONLY CAPITAL CONSTRUCTION PROJECTS ON THE PRIORITIZED LIST MAY RECEIVE MATCHING GRANTS FROM THE FUND, AND THE CAPITAL CONSTRUCTION PROJECTS SHALL BE FUNDED IN THE PRIORITY DETERMINED BY THE STATE BOARD.

(7) THE STATE BOARD IS AUTHORIZED TO PROMULGATE RULES FOR THE ADMINISTRATION OF THIS ARTICLE. SUCH RULES SHALL BE PROMULGATED IN ACCORDANCE WITH ARTICLE 4 OF TITLE 24, C.R.S.

22-43.7-106. Amount of grants. IN DETERMINING THE AMOUNT OF A MATCHING GRANT MADE PURSUANT TO THIS ARTICLE, IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE AMOUNT OF A GRANT SHALL BE NO MORE THAN THE DIFFERENCE BETWEEN THE VALUATION FOR ASSESSMENT PER PUPIL WITHIN THE DISTRICT PROPOSING THE CAPITAL CONSTRUCTION PROJECT AND THE AVERAGE VALUATION FOR ASSESSMENT PER PUPIL STATEWIDE, EXPRESSED AS A PERCENTAGE OF THE STATEWIDE AVERAGE, MULTIPLIED BY THE COST OF THE CAPITAL CONSTRUCTION PROJECT.

SECTION 2. 24-77-102 (17) (a) (IV), Colorado Revised Statutes, 1988 Repl. Vol., as amended, is amended to read:

24-77-102. Definitions. As used in this article, unless the context otherwise requires:

(17) (a) "State fiscal year spending" means all state expenditures and reserve increases occurring during any given fiscal year as established by section 24-30-204, including, but not limited to, state expenditures or reserve increases from:

(IV) Net lottery proceeds allocated to the general fund pursuant to section 3 (1) (b) (III) of article XXVII of the state constitution for ~~the period beginning with the first quarter~~ AND SECOND QUARTERS of the state's fiscal year ~~1998-1999~~ 1998-99 AND PURSUANT TO SECTION 3 (1) (b.5) (IV) OF ARTICLE XXVII OF THE STATE CONSTITUTION, FOR EACH QUARTER INCLUDING AND AFTER THE THIRD QUARTER OF THE STATE'S FISCAL YEAR 1998-99.

SECTION 3. The introductory portion to 33-60-104 (1), Colorado Revised Statutes, 1995 Repl. Vol., is amended, and the said 33-60-104 is further amended BY THE ADDITION OF A NEW SUBSECTION, to read:

33-60-104. Distribution of net lottery proceeds beginning first quarter of fiscal year 1998-99. (1) For the first ~~quarter~~ AND SECOND QUARTERS of fiscal year 1998-99, ~~and for each quarter thereafter,~~ the state treasurer shall distribute net lottery proceeds as follows:

(1.5) FOR EACH QUARTER INCLUDING AND AFTER THE THIRD QUARTER OF THE STATE'S FISCAL YEAR 1998-99:

(a) EIGHT MILLION DOLLARS OF NET PROCEEDS TO THE SCHOOL CONSTRUCTION AND RENOVATION FUND, CREATED IN SECTION 3 (1) (b.5) (I) OF THE STATE CONSTITUTION, TO BE USED IN MAKING MATCHING GRANTS TO SCHOOL DISTRICTS FOR THE PURPOSES OF CONSTRUCTING NEW PUBLIC SCHOOLS AND PERFORMING RENOVATIONS OF AND CONTROLLED MAINTENANCE AT PUBLIC SCHOOLS, AS PROVIDED BY LAW;

(b) FORTY PERCENT OF THE REMAINING NET PROCEEDS TO THE CONSERVATION TRUST FUND FOR DISTRIBUTION TO MUNICIPALITIES AND COUNTIES AND OTHER ELIGIBLE ENTITIES FOR PARKS, RECREATION, AND OPEN SPACE PURPOSES;

(c) TEN PERCENT OF THE REMAINING NET PROCEEDS TO THE DIVISION OF PARKS AND OUTDOOR RECREATION FOR THE ACQUISITION, DEVELOPMENT, AND IMPROVEMENT OF NEW AND EXISTING STATE PARKS, RECREATION AREAS, AND RECREATIONAL TRAILS; AND

(d) ALL REMAINING NET PROCEEDS IN TRUST TO THE BOARD OF THE TRUST FUND; EXCEPT THAT IN ANY STATE FISCAL YEAR IN WHICH THE PORTION OF THE NET PROCEEDS WHICH WOULD OTHERWISE BE GIVEN IN TRUST TO THE STATE BOARD OF THE TRUST FUND EXCEEDS THE AMOUNT OF THIRTY-FIVE MILLION DOLLARS, TO BE ADJUSTED EACH YEAR FOR CHANGES FROM THE 1992 CONSUMER PRICE INDEX FOR THE DENVER METROPOLITAN AREA, THE NET

PROCEEDS IN EXCESS OF SUCH AMOUNT OR ADJUSTED AMOUNT SHALL BE ALLOCATED TO THE GENERAL FUND OF THE STATE.

SECTION 4. Effective date. This act shall take effect following proclamation by the governor of the vote of the registered electors at the 1998 general election approving 1997 House Concurrent Resolution Number _____. This act shall not take effect if the registered electors at the 1998 general election disapprove House Concurrent Resolution Number _____.

SECTION 5. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Bill B

A BILL FOR AN ACT

CONCERNING THE COORDINATION OF MASTER PLANNING ACTIVITIES OF LOCAL GOVERNING BODIES WITH THE SCHOOL FACILITIES NEEDS OF SCHOOL DISTRICTS.

Bill Summary

"Master Plans for School Facilities"

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

K-12 Capital Construction Interim Committee. Requires local governing bodies with master planning responsibilities to coordinate plans for the construction and opening of public school facilities with each board of education of a school district located in whole or in part within such local government. Provides that the planning process shall include the integration of applicable policies and procedures of a board of education of a school district with the master plans of local governing bodies.

Mandates that local governing bodies with master planning responsibilities and a board of education of a school district share and coordinate information related to existing and planned public school facilities.

Requires that a board of education of school district annually submit an annual report, including a capital improvement plan, to local governing bodies with master planning responsibilities detailing the existing public school facilities, projected needs, and unmet needs of the district.

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

SECTION 1. Article 32 of title 22, Colorado Revised Statutes, 1995

Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW SECTION to read:

22-32-123.5. Coordination of planning with local governing

bodies. (1) IT IS THE POLICY OF THIS STATE TO REQUIRE THE COORDINATION OF PLANNING BETWEEN A BOARD OF EDUCATION OF A SCHOOL DISTRICT AND LOCAL GOVERNING BODIES TO ENSURE THAT PLANS FOR THE CONSTRUCTION AND OPENING OF PUBLIC SCHOOL FACILITIES ARE FACILITATED AND COORDINATED IN TIME AND PLACE WITH PLANS FOR DEVELOPMENT. THIS PLANNING SHALL INCLUDE THE INTEGRATION OF APPLICABLE POLICIES AND PROCEDURES OF A BOARD OF EDUCATION OF A SCHOOL DISTRICT WITH THE MASTER PLANS OF LOCAL GOVERNING BODIES. (2) A BOARD OF EDUCATION OF A SCHOOL DISTRICT AND THE LOCAL GOVERNING BODIES WITH MASTER PLANNING RESPONSIBILITIES WITHIN THE DISTRICT SHALL SHARE AND COORDINATE INFORMATION RELATED TO EXISTING AND PLANNED PUBLIC SCHOOL FACILITIES; PROPOSALS FOR DEVELOPMENT, REDEVELOPMENT, OR ADDITIONAL DEVELOPMENT; AND INFRASTRUCTURE REQUIRED TO SUPPORT THE PUBLIC SCHOOL FACILITIES, CONCURRENT WITH PROPOSED DEVELOPMENT.

(3) BEGINNING OCTOBER 1, 1997, EACH BOARD OF EDUCATION OF A SCHOOL DISTRICT SHALL SUBMIT ANNUALLY ON OCTOBER 1 TO EACH LOCAL GOVERNING BODY WITH MASTER PLANNING RESPONSIBILITIES WITHIN THE BOARD OF EDUCATION'S JURISDICTION A GENERAL SCHOOL FACILITIES REPORT. THE GENERAL SCHOOL FACILITIES REPORT SHALL CONTAIN INFORMATION DETAILING EXISTING PUBLIC SCHOOL FACILITIES AND THEIR LOCATIONS AND

ROJECTED NEEDS. THE REPORT MUST ALSO CONTAIN A CAPITAL IMPROVEMENT PLAN, INCLUDING PLANNED FACILITIES WITH FUNDING OVER THE NEXT THREE YEARS, AND THE SCHOOL FACILITIES REPRESENTING THE DISTRICT'S UNMET NEED.

SECTION 2. 30-28-106 (3), Colorado Revised Statutes, 1986 Repl. Vol., is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

30-28-106. Adoption of master plan - contents. (3) (e) PRIOR TO ADOPTING, AMENDING, EXTENDING, OR ADDING TO THE MASTER PLAN OF A COUNTY OR REGION, ON OR AFTER OCTOBER 1, 1997, THE PLAN SHALL BE COORDINATED WITH THE GENERAL SCHOOL FACILITIES REPORT AND ANY OTHER REPORTS, PLANS, POLICIES, OR PROCEDURES CONCERNING PUBLIC SCHOOL FACILITIES OF EACH BOARD OF EDUCATION OF A SCHOOL DISTRICT INCLUDED IN WHOLE OR IN PART IN THE COUNTY OR REGION TO ELIMINATE CONFLICTS OR INCONSISTENCIES.

SECTION 3. 31-23-206, Colorado Revised Statutes, 1986 Repl. Vol., is amended BY THE ADDITION OF A NEW SUBSECTION to read:

31-23-206. Master plan. (1.5) PRIOR TO ADOPTING, AMENDING, EXTENDING, OR ADDING TO THE MASTER PLAN FOR THE PHYSICAL DEVELOPMENT OF THE MUNICIPALITY, ON OR AFTER OCTOBER 1, 1997, THE PLAN SHALL BE COORDINATED WITH THE GENERAL SCHOOL FACILITIES REPORT AND ANY OTHER REPORTS, PLANS, POLICIES, OR PROCEDURES CONCERNING

PUBLIC SCHOOL FACILITIES OF EACH BOARD OF EDUCATION OF A SCHOOL DISTRICT INCLUDED IN WHOLE OR IN PART IN THE MUNICIPALITY TO ELIMINATE CONFLICTS OR INCONSISTENCIES.

SECTION 4. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Concurrent Resolution A

HOUSE CONCURRENT RESOLUTION

SUBMITTING TO THE REGISTERED ELECTORS OF THE STATE OF COLORADO AN AMENDMENT TO ARTICLES X AND XXVII OF THE CONSTITUTION OF THE STATE OF COLORADO, CONCERNING THE USE OF LOTTERY REVENUES FOR SCHOOL DISTRICT CAPITAL CONSTRUCTION, AND, IN CONNECTION THEREWITH, PROVIDING FOR A PORTION OF LOTTERY REVENUES TO BE USED TO MATCH SCHOOL DISTRICT FUNDING FOR PUBLIC SCHOOL CONSTRUCTION, RENOVATION, AND CONTROLLED MAINTENANCE AND EXCLUDING FUNDS USED FOR THIS PURPOSE FROM STATE AND LOCAL FISCAL YEAR SPENDING FOR PURPOSES OF THE CONSTITUTIONAL LIMITS ON SPENDING.

Resolution Summary

"Lottery Revenues for School Buildings"

(Note: This summary applies to this resolution as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

K-12 Capital Construction Interim Committee. Amends article XXVII of the state constitution, which establishes the great outdoors Colorado program, to allocate \$8 million dollars of lottery revenues quarterly (\$32 million dollars annually) to a school construction and renovation fund. Provides that these lottery revenues are to be used to match school district funds for school construction, renovation, and controlled maintenance, as provided by law. Provides that this allocation will begin with the third quarter of state fiscal year 1998-99, after the cutoff date for lottery revenues to be

used to retire outstanding state certificates of participation, and will be approximately the same amount as was allocated from lottery revenues to retire the certificates of participation. Excludes funds used for this purpose from the definition of "fiscal year spending" for purposes of the spending limitations set forth in section 20 of article X of the state constitution.

Be It Resolved by the House of Representatives of the Sixty-first General Assembly of the State of Colorado, the Senate concurring herein:

SECTION 1. At the next general election at which such question may be submitted to the registered electors of the state of Colorado, for their approval or rejection, the following amendment to the constitution of the state of Colorado, to wit:

The introductory portion to section 3 (1) (b) of article XXVII of the constitution of the state of Colorado is amended, and the said section 3 (1) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

Section 3. Moneys allocated to Trust Fund. (1) Beginning with the proceeds from the fourth quarter of the State's Fiscal Year 1992-1993, all proceeds from all programs, including Lotto and every other state-supervised lottery game operated under the authority of Article XVIII, Section 2 of the Colorado Constitution, whether by the Colorado Lottery Commission or otherwise (such programs defined hereafter in this Article as "Lottery Programs"), net of prizes and expenses of the state lottery division and after a sufficient amount of money has been reserved, as of the end of any fiscal quarter, to ensure the operation of the lottery for the ensuing fiscal quarter

(such netted proceeds defined hereafter in this Article as "Net Proceeds") are set aside, allocated, allotted, and continuously appropriated as follows, and the Treasurer shall distribute such proceeds no less frequently than quarterly, as follows:

(b) For ~~each quarter including and after~~ the first quarter AND SECOND QUARTERS of the State's Fiscal Year 1998-1999:

(b.5) FOR EACH QUARTER INCLUDING AND AFTER THE THIRD QUARTER OF THE STATE'S FISCAL YEAR 1998-1999:

(I) EIGHT MILLION DOLLARS OF NET PROCEEDS TO THE SCHOOL CONSTRUCTION AND RENOVATION FUND, WHICH FUND IS HEREBY CREATED IN THE STATE TREASURY, TO BE USED IN MAKING MATCHING GRANTS TO SCHOOL DISTRICTS FOR THE PURPOSES OF CONSTRUCTING NEW PUBLIC SCHOOLS AND PERFORMING RENOVATIONS OF AND CONTROLLED MAINTENANCE AT PUBLIC SCHOOLS, AS PROVIDED BY LAW;

(II) FORTY PERCENT OF THE REMAINING NET PROCEEDS TO THE CONSERVATION TRUST FUND FOR DISTRIBUTION TO MUNICIPALITIES AND COUNTIES AND OTHER ELIGIBLE ENTITIES FOR PARKS, RECREATION, AND OPEN SPACE PURPOSES;

(III) TEN PERCENT OF THE REMAINING NET PROCEEDS TO THE DIVISION OF PARKS AND OUTDOOR RECREATION FOR THE ACQUISITION, DEVELOPMENT, AND

IMPROVEMENT OF NEW AND EXISTING STATE PARKS, RECREATION AREAS, AND RECREATIONAL TRAILS; AND

(IV) ALL REMAINING NET PROCEEDS IN TRUST TO THE BOARD OF THE TRUST FUND, PROVIDED, HOWEVER, THAT IN ANY STATE FISCAL YEAR IN WHICH THE PORTION OF THE NET PROCEEDS WHICH WOULD OTHERWISE BE GIVEN IN TRUST TO THE STATE BOARD OF THE TRUST FUND EXCEEDS THE AMOUNT OF THIRTY-FIVE MILLION DOLLARS, TO BE ADJUSTED EACH YEAR FOR CHANGES FROM THE 1992 CONSUMER PRICE INDEX-DENVER, THE NET PROCEEDS IN EXCESS OF SUCH AMOUNT OR ADJUSTED AMOUNT SHALL BE ALLOCATED TO THE GENERAL FUND OF THE STATE OF COLORADO.

Section 20 (2) (e) of article X of the constitution of the state of Colorado is amended to read:

Section 20. The Taxpayer's Bill of Rights. (2) Term definitions. Within this section:

(e) "Fiscal year spending" means all district expenditures and reserve increases except, as to both, those for refunds made in the current or next fiscal year or those from gifts, federal funds, collections for another government, pension contributions by employees and pension fund earnings, reserve transfers or expenditures, damage awards, or property sales, OR DIRECTLY OR INDIRECTLY FROM THE SCHOOL CONSTRUCTION AND RENOVATION FUND CREATED IN SECTION 3 (1) (b.5) (I) OF ARTICLE XXVII OF THIS CONSTITUTION.

SECTION 2. Each elector voting at said election and desirous of voting for or against said amendment shall cast a vote as provided by law either "Yes" or "No" on the proposition: "AN AMENDMENT TO ARTICLES X AND XXVII OF THE CONSTITUTION OF THE STATE OF COLORADO, CONCERNING THE USE OF LOTTERY REVENUES FOR SCHOOL DISTRICT CAPITAL CONSTRUCTION, AND, IN CONNECTION THEREWITH, PROVIDING FOR A PORTION OF LOTTERY REVENUES TO BE USED TO MATCH SCHOOL DISTRICT FUNDING FOR PUBLIC SCHOOL CONSTRUCTION, RENOVATION, AND CONTROLLED MAINTENANCE AND EXCLUDING FUNDS USED FOR THIS PURPOSE FROM STATE AND LOCAL FISCAL YEAR SPENDING FOR PURPOSES OF THE CONSTITUTIONAL LIMITS ON SPENDING."

SECTION 3. The votes cast for the adoption or rejection of said amendment shall be canvassed and the result determined in the manner provided by law for the canvassing of votes for representatives in Congress, and if a majority of the electors voting on the question shall have voted "Yes", the said amendment shall become a part of the state constitution.