

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

SECTION 1. Legislative declaration. The People of the State of Colorado find and declare that:

(a) A strong system of public education is required by the Colorado constitution and creates the foundation for individual opportunity, strong communities, a well-prepared workforce, a vibrant democracy, and a thriving, resilient economy;

(b) Colorado voters recognize that, to approach those goals, every public school must have the resources to attract and retain teams of caring, well-qualified, capable adults, who together can meet the academic, emotional, and social needs of *all* Colorado’s diverse learners.

(c) Despite the critical importance of teachers and student support professionals in promoting student achievement and well-being, Colorado lags the nation in providing competitive salaries. Whether measured in comparison to the cost of living or by the gap between teacher salaries and comparable professions, Colorado ranks among the bottom five states.

(d) Colorado has not been able to provide those resources, having fallen behind inflation and enrollment growth since 2009 by \$571 million in the 2021-22 school year alone, and by over \$10 billion in the past fourteen years. Likewise, Colorado's average per pupil student funding is \$2,200 behind the national average according to the National Center for Education Statistics.

(e) Section 2 of article IX of the Colorado 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.” Achievement of this constitutional mandate has been obstructed in part by the significant disparities in economic conditions and property tax bases providing the primary source of funding for Colorado’s locally controlled public schools among the state’s 178 local districts.

(f) While the state has attempted to address these disparities through supplemental funding to the local school districts from statewide revenue sources, these efforts have proven inadequate to maintain a “thorough and uniform” public school system on a statewide basis.

(g) While local school districts have also attempted to address their specific shortfalls in funding through property tax mill-levy overrides at the local level, this has led to uneven and inequitable variations in public school funding capacities and relative property tax burdens throughout the state. These burdens have fallen particularly hard upon families, as well as local small businesses assessed at the higher statewide nonresidential rate.

SECTION 2. In Colorado Revised Statutes, 39-1-104 **add** subsection (1.9) as follows:

39-1-104. Valuation for assessment – definitions. (1.9) NOTWITHSTANDING ANYTHING IN THIS SECTION, AND WITHOUT AFFECTING THE RATE OF ASSESSMENT FOR RESIDENTIAL REAL PROPERTY, FOR ANY PROPERTY TAX YEARS COMMENCING ON AND AFTER JANUARY 1, 2026, IN

WHICH THE STATEWIDE AGGREGATE OF LOCAL SHARE OF TOTAL PROGRAM FUNDING UNDER THE “PUBLIC SCHOOL FINANCE ACT OF 1994” IS ESTIMATED TO FALL BELOW FIFTY-PERCENT OF TOTAL PROGRAM FUNDING FOR SCHOOL DISTRICTS STATEWIDE, THE ASSESSMENT RATE FOR NONRESIDENTIAL PROPERTY, IF OTHERWISE LESS THAN THIRTY-TWO PERCENT, AND EXCEPT “SMALL BUSINESS PROPERTY” AS DEFINED IN THIS SUBSECTION (1.9), SHALL BE THIRTY-TWO PERCENT OF THE ACTUAL VALUE THEREOF. THE ASSESSMENT RATE FOR SMALL BUSINESS PROPERTY SHALL NOT BE AFFECTED BY THIS SUBSECTION (1.9). FOR PURPOSES OF THIS SUBSECTION, “SMALL BUSINESS PROPERTY” IS A SUBCLASS OF NONRESIDENTIAL PROPERTY AND SHALL MEAN NONRESIDENTIAL PROPERTY WHOLLY OWNED BY ONE OR MORE PERSONS OR ENTITIES:

- (I) ACTIVELY CONDUCTING BUSINESS ON OR BY UTILIZATION OF SUCH PROPERTY; AND
- (II) NOT EXCEEDING THE APPLICABLE SIZE STANDARD AND AFFILIATION RESTRICTIONS THAT WOULD QUALIFY THE BUSINESS AS A SMALL BUSINESS FOR FEDERAL GOVERNMENT PROGRAMS ADMINISTERED BY THE UNITED STATES SMALL BUSINESS ADMINISTRATION.

SECTION 3. Effective date. This act takes effect on January 1, 2026.