

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

SECTION 1. Legislative declaration. (1) The people of Colorado find and declare that the single subject of this act is the reform of public funding mechanisms through the establishment of a statewide enterprise to consolidate and expand revenue-generating services, distribute prosperity dividends and grants, and phase out property taxes while stabilizing essential services.

(2) The people of Colorado further find and declare that the purposes of this act are:

(a) To create a statewide public enterprise to operate on a voluntary, fee-supported basis and to organize and coordinate existing state enterprises under its umbrella for efficient management and expanded services in order to generate revenue for fiscal reform;

(b) To replace ad valorem property taxes with revenues generated by enterprises and other lawful sources, expressly approved by the people under section 20 of article X of the state constitution;

(c) To fund essential services as the first priority of the enterprise, including K–12 public education, public safety, and rural health, and only thereafter to provide per-capita prosperity dividends from net earnings;

(d) To ensure fiscal transparency, rural prioritization, and constitutional compliance with section 20 of article X and section 17 of article IX of the state constitution; and

(e) To phase out ad valorem property taxes over ten years while guaranteeing continuity of funding for essential services through voter-approved replacement revenues.

SECTION 2. In Colorado Revised Statutes, add article 113 to title 24 as follows:

ARTICLE 113

COLORADO PUBLIC ENTERPRISE

24-113-101. Short title. The short title of this article 113 is the "Colorado Public Enterprise Act".

24-113-102. Definitions. As used in this article 113, unless the context otherwise requires:

(1) "Biometric verification center" means a site or mobile unit where a resident may choose to use biometric verification to access a dividend account, subject to the privacy safeguards in section 24-113-108 (2). Data collected at biometric verification centers must comply with the "Colorado Privacy Act", section 6-1-1301 et seq., C.R.S., including amendments under House Bill 24-1130, which require written consent, retention policies, and prohibitions on sale or disclosure without consent, in addition to the protections in section 24-113-108 (2).

(2) "Board" means the board of directors of the enterprise.

(3) "Community-based verification" means identity or residency confirmation by qualified organizations, including but not limited to libraries, schools, places of worship, community centers, homeless shelters, domestic violence shelters, and other similar support organizations certified by the enterprise.

(4) "Dividend account" means an account established by or for a resident for receipt of a prosperity dividend under section 24-113-108. A "minor's dividend savings account" is a restricted, interest-bearing dividend account for a minor accessible at age eighteen, with hardship access as provided in section 24-113-108 (3). A resident or minor may have only one dividend account or minor's dividend savings account. These accounts must comply with the "Uniform

Transfers to Minors Act", section 15-14-701 et seq., C.R.S., with the enterprise acting as custodian where no other custodian is designated. Accounts may be established by a guardian, parent, or the enterprise upon verification.

(5) "Dividend year" means the calendar year ending December 31, unless otherwise specified by the board for fiscal alignment.

(6) "Enterprise" means the Colorado public enterprise created in section 24-113-103.

(7) "Essential services" means K–12 education, public safety, and rural health as defined in sections 22-54-103 (5.5), 24-75-302 (2)(a), and 25-1.5-402 (1), respectively.

(8) "Existing enterprise" has the same meaning as in section 20 (2)(d) of article X of the state constitution.

(9) "Grant" has the meaning set forth in section 24-77-102 (7).

(10) "Guardian" means any legal guardian or custodian appointed under title 19 or title 15, C.R.S., and includes all such guardians if multiple exist.

(11) "Minor" means a resident under eighteen years of age. Minors qualify for dividends from birth, with eligibility verified annually based on guardianship status.

(12) "Net earnings" means total operating revenues of the enterprise minus:

(a) Operating and maintenance expenses;

(b) Debt service and debt-service reserves;

(c) Reserves required by law or by the terms of any financing; and

(d) Prudent operating and capital reserves adopted by the board by rule.

(13) "Prudent reserves" means risk-based reserves sized through a written policy adopted by the board after a public hearing, subject to judicial review for abuse of discretion.

(14) "Resident" means an individual domiciled in Colorado for the twelve months immediately preceding January 1 of the dividend year, allowing temporary absences not exceeding ninety days, and intending to remain in Colorado. Multiple temporary absences totaling more than ninety days in a dividend year disqualify an individual unless each individual absence is less than ninety days and the individual provides documentation, such as utility bills, employment records, or affidavits, proving intent to remain domiciled in Colorado. Individuals without a fixed address may establish residency through community-based verification under subsection (3) of this section.

(15) "Rural area" has the same meaning as in section 24-32-3702 (4).

24-113-103. Enterprise — creation — status — transfer of existing enterprises. (1) The Colorado public enterprise is created as an enterprise. The enterprise is a type 1 entity within the department of the treasury for administrative purposes only, as defined in section 24-1-105 (1). Transferred enterprises under subsection (4) of this section must operate as divisions within the department of the treasury for administrative purposes only, maintaining their independent enterprise status.

(2) In each fiscal year, the enterprise must receive not more than ten percent of its total revenues from state or local grants.

(3) All new participation in the enterprise's services is voluntary; however, existing fees from transferred enterprises, such as tolls under title 43 or hunting and fishing permits under title 33, C.R.S., must continue as established by their enabling statutes unless modified by the board with voter approval where required.

(4) Pursuant to a type 1 transfer as defined in section 24-1-105 (1), the following existing state enterprises are transferred to and must operate as divisions of the enterprise, subject to its coordination, governance, and board oversight, while maintaining separate accounting to preserve individual enterprise status under section 20 of article X of the state constitution:

(a) The Colorado housing and finance authority, pursuant to part 7 of article 4 of title 29, expanded to include public banking services only if compliant with federal laws, including the "Depository Institutions Deregulation and Monetary Control Act" (12 U.S.C. sec. 1831d), FDIC regulations, and state banking laws under title 11, C.R.S. If federal preemption applies, such services are preempted and void;

(b) The high-performance transportation enterprise, pursuant to part 8 of article 4 of title 43;

(c) The clean transit enterprise, pursuant to part 12 of article 4 of title 43;

(d) The Colorado parks and wildlife enterprise, pursuant to article 9 of title 33;

(e) The statewide bridge and tunnel enterprise, pursuant to part 8 of article 4 of title 43; and

(f) Any other state enterprise with a revenue-generating function, as determined by the board through rule pursuant to the "State Administrative Procedure Act", article 4 of this title 24.

(5) "Revenue-generating function" means any activity authorized to collect fees reasonably related to services provided, excluding taxes or grants.

(6) The board may recommend additional enterprise transfers to the general assembly, but implementation requires statutory amendment.

(7) Transfers under this section include all assets, liabilities, personnel, contracts, and statutory powers, which must be exercised under the enterprise's coordination. Each division must maintain separate financial accounts to ensure compliance with the ten percent grant limit under section 20 (2)(d) of article X of the state constitution.

24-113-104. Governance — board — terms — compensation — conflicts. (1) The enterprise is governed by a seven-member board: three appointed by the governor with senate consent, two by the speaker of the house of representatives, and two by the president of the senate. The board must collectively possess expertise in finance, insurance, healthcare, transportation, energy, and public administration, with at least one member qualified in each area.

(2) Members serve staggered initial terms determined by lot: three members for two years, three members for three years, and three members for four years. Thereafter, members serve four-year terms and may be removed for cause by the governor, with cause including malfeasance, neglect of duty, or conflict of interest as defined in section 24-18-102, C.R.S.

(3) At least one member must have rural expertise or reside in a county with a population under fifty thousand at the time of appointment, based on the most recent federal decennial census.

(4) Members serve without salary but may receive per diem and expenses pursuant to section 2-2-307, C.R.S.

(5) No member may hold a direct financial interest in a business competing with a specific line of business operated by the enterprise, as defined by board rule.

24-113-105. Powers — coordination — licensing — bonds. (1) The enterprise may contract, acquire property, set fees, and issue revenue bonds payable solely from its net revenues, excluding state or local grants, and not constituting a debt of the state. Initial startup costs for new services must be funded through such bonds or revenues from transferred enterprises.

(2) Bonds are not debts of the state and do not pledge the credit or taxing power of the state.

(3) The enterprise must obtain all required licenses and approvals under state and federal law and must coordinate the operations of its divisions through internal policies and memoranda of understanding as necessary.

(4) Bond issuance must respect separate accounting for transferred enterprises under section 24-113-103 (4), with bonds allocated to specific divisions where applicable. Bondholder priority and collateralization must be determined by board rules, prioritizing senior bonds and segregating collateral by enterprise division to preserve individual statuses.

24-113-106. User fees — rural access — pilot programs. (1) All charges imposed by the enterprise are voluntary user fees reasonably related to the cost of providing the service. "Subsidy" means any financial assistance not directly tied to the cost of a service, excluding grants authorized under section 24-113-107.

(2) At least twenty percent of annual capital investment must be deployed in rural areas. "Annual capital investment" means funds allocated yearly for infrastructure, equipment, or development in rural areas, as defined by the United States Census Bureau's rural-urban classification. "Mobile service units" means portable facilities providing enterprise services in underserved areas, such as mobile clinics or banking vans.

(3) Pilot programs for new or expanded services must operate for at least twelve months, require a report to the general assembly including public comment, and may proceed to statewide rollout only if the board determines success pursuant to rules adopted under the "State Administrative Procedure Act", article 4 of this title 24. New or expanded services and associated fees require board approval and must comply with Taxpayer's Bill of Rights (TABOR) enterprise criteria; major changes require legislative ratification.

24-113-107. Prosperity dividend fund — allocations — reports. (1) The prosperity dividend fund is created in the state treasury, consisting of revenues of the enterprise, including those from transferred enterprises. Allocations must amend existing statutes as needed via conforming legislation. The fund is continuously appropriated and excluded from state fiscal year spending.

(2) Net earnings, after costs and reserves, must be allocated annually as follows: Fifty percent to essential services stabilization grants for education, public safety, and rural health, with thirty percent of that portion reserved for rural jurisdictions; and fifty percent to per-capita prosperity dividends for eligible residents.

(3) Ten percent of net earnings from energy and broadband operations must be credited to a rural sub-account to support rural broadband and renewable energy through grants and loans for infrastructure in rural areas.

(4) Grants and loans must be awarded competitively to qualified local governments, schools, or nonprofits for essential services, with limits set by board rules, including no more than twenty percent of fund awards per applicant, and prioritized by need.

(5) Net earnings from fees may be redistributed as dividends only if fees remain reasonably related to service costs; annual audits must verify compliance to maintain TABOR enterprise status.

(6) The enterprise must publish annual audited financial statements and plain-language reports.

24-113-108. Prosperity dividends — eligibility — privacy — minors. (1) Residents must apply annually by March 31 for dividend eligibility verification, or a resident may apply on behalf of another resident with consent. Proof of identity and residency may be flexible, meaning alternative documentation such as affidavits or community attestations is accepted if standard identification is unavailable. Denials may be appealed pursuant to the "State Administrative Procedure Act", article 4 of this title 24.

(2) Use of biometric verification is voluntary and subject to privacy protections, including data minimization, encryption, and deletion within thirty days.

(3) Dividends for minors must be deposited into no-fee accounts, which are the same as minor's dividend savings accounts, accessible at age eighteen. Such accounts may be invested conservatively by the enterprise in low-risk funds, subject to guardian consent. Hardship withdrawals are allowed by guardian attestation for verified needs such as medical or housing expenses, disbursed to the guardian within seven business days. "Verified need" means documented emergencies like medical or housing crises, verified by affidavits or enterprise review. Misuse by guardians subjects them to penalties under section 18-4-401, C.R.S., and account revocation. The enterprise may deny disbursements only if attestation is incomplete.

(4) Administrative costs of the dividend program must not exceed five percent of disbursements.

(5) Dividends are payable only from net earnings after full cost recovery, reserves, and essential services grants. If insufficient, dividends must be reduced proportionally. Dividends are nonassignable except for voluntary redirections under section 24-113-110 (4), which are treated as opt-in transfers.

(6) Dividends are exempt from state income tax and subject only to federal garnishment requirements.

(7) The enterprise must provide annual statements to residents and guardians, including dividend amounts, account balances, and eligibility information.

24-113-109. Oversight — audits — public forums — review committee. (1) The enterprise is subject to the open meetings law, part 4 of article 6 of this title 24, and the open records act, part 2 of article 72 of this title 24.

(2) Annual financial and privacy audits must be conducted and funded from enterprise revenues not exceeding one percent of net earnings.

(3) By 2028 the enterprise must complete a rural impact study evaluating economic, social, and service access effects on rural areas and guiding adjustments to allocations or investments based on findings, funded from enterprise revenues not exceeding one percent of net earnings.

(4) The enterprise must hold quarterly public forums from 2027 onward, with the board authorized to reduce frequency after 2035 based on need.

(5) A nine-member independent review committee, appointed three each by the governor, speaker of the house of representatives, and president of the senate, including representatives from local governments, schools, and communities, must issue annual reports with recommendations. Committee members serve four-year terms, renewable once. Appointing authorities may replace members for cause or at their discretion. Members receive per diem and expense reimbursement under section 2-2-307, C.R.S. The committee is funded from enterprise revenues not exceeding one percent of net earnings.

24-113-110. Education campaign — online portal — economic studies. (1) The enterprise must conduct a multilingual public education campaign explaining changes made by this act, funded from enterprise revenues not exceeding two percent of net earnings.

(2) The online portal must be operational by July 1, 2027, with phased rollout if needed.

(3) By December 1, 2028, the enterprise must publish economic studies evaluating the impacts of this act, funded from enterprise revenues not exceeding two percent of net earnings.

(4) A resident may voluntarily redirect part or all of the resident's dividend to essential services programs, with the resident selecting the specific service. "Essential services programs" means programs for education, public safety, and rural health as defined in section 39-3-101.5. Redirected amounts are classified as transfers to avoid double-counting in net earnings calculations, ensuring TABOR compliance.

SECTION 3. In Colorado Revised Statutes, add 39-3-101.5 as follows:

39-3-101.5. Property tax phase-out — replacement revenue — voter approval — repeal. (1) Definitions. As used in this section, unless the context otherwise requires:

(a) "Essential services" has the same meaning as in section 24-113-102 (7).

(b) "Political subdivision" means any county, municipality, school district, special district, or other local government entity authorized to impose ad valorem property taxes under title 39.

(c) "Property tax" means ad valorem taxes on real and personal property, excluding voter-approved mill levies for bonded indebtedness or other specific purposes approved pursuant to section 20 of article X of the state constitution.

(2) Phase-out. Beginning with property tax year 2027 and ending with property tax year 2036, the mill levy certified for property tax year 2026 under section 39-5-121 must be reduced subtractively by one-tenth of the 2026 levy each year until zero in property tax year 2036. Voter-approved increases to a political subdivision's mill levy apply to the reduced base levy but require an election under section 20 of article X of the state constitution and are subject to the annual reductions specified in this subsection (2).

(3) Replacement revenue. The people of Colorado, through this act, expressly approve under section 20 of article X of the state constitution the use of enterprise revenues to replace property tax funding for essential services. Enterprise revenues must be allocated through grants tied to the provision of essential services, maintaining their status as fees so long as the enterprise receives less than ten percent of its annual revenues from state or local grants pursuant to section 20 (2)(d) of article X of the state constitution. Revenues from enterprises not transferred to the enterprise may also be used for this purpose.

(4) Stable funding. During the phase-out from state fiscal year 2027-28 through 2036-37, the general assembly must provide stable funding for essential services at levels at least equal to pre-phase-out amounts, adjusted annually for inflation using the consumer price index for the Denver-Aurora-Lakewood area. This section supplements but does not supplant the requirements of section 17 of article IX of the state constitution for public school funding. References to sections 39-1-104.2 and 39-5-121 are intended to ensure harmonization with existing assessment and certification processes.

(5) Revenue hierarchy. "Dividends", "stabilization grants", "net earnings", and "required reserves" have the meanings defined in section 24-113-102. If projected needs for essential services exceed available revenues, the general assembly must first reduce dividend payments proportionally and, if insufficient, appropriate from the general fund or authorize fee increases for the enterprise.

(6) Prohibition after 2036. After property tax year 2036, political subdivisions may not impose or collect property taxes except for voter-approved bonded indebtedness or other specific purposes under section 20 of article X of the state constitution. Upon retirement of bonded indebtedness, such levies terminate unless reapproved by voters.

(7) Repeal. This section is repealed, effective January 1, 2037; except that any remaining obligations for bonded indebtedness continue until fulfilled.

SECTION 4. Conforming amendments — repeals. (1) Conforming amendments. The general assembly must adopt conforming amendments to harmonize the "Public School Finance Act", local government budget law, and other statutes with this act, including amendments to transfer and reorganize the enterprises specified in section 24-113-103 (4), by the first regular session following voter approval of this act. Board rule-making under this section is limited to

administrative harmonization; substantive changes require legislative action to avoid improper delegation.

(2) Repeals. Effective upon the transfer completion under section 24-113-103, the following are repealed:

- (a) Part 7 of article 4 of title 29 (Colorado housing and finance authority);
- (b) Part 8 of article 4 of title 43 (high-performance transportation enterprise);
- (c) Part 12 of article 4 of title 43 (clean transit enterprise);
- (d) Article 9 of title 33 (Colorado parks and wildlife enterprise);
- (e) Part 8 of article 4 of title 43 (statewide bridge and tunnel enterprise); and
- (f) Any other articles for transferred enterprises, with powers and duties re-established in new subsections under section 24-113-103 (4).

SECTION 5. Effective date. This act takes effect from and after the date of the official declaration of the vote thereon by proclamation of the governor, pursuant to section 1 (4)(a) of article V of the state constitution.