

CITIZEN-INITIATED ORDINANCE NO. 001, 2024

AN ORDINANCE IN SUPPORT OF THE COUNCIL OF THE CITY OF FORT COLLINS SUBMITTING A BALLOT ISSUE TO THE CITY'S REGISTERED ELECTORS AT A SPECIAL ELECTION ON NOVEMBER 5, 2024, ASKING THEM TO INCREASE BY 1% THE CITY'S SALES AND USE TAX RATE TO BE USED EXCLUSIVELY FOR CERTAIN SPECIFIED EDUCATIONAL PURPOSES BY Poudre School District R1

- INCREASE Poudre School District R1 PER PUPIL FUNDING BY \$1,250
- SCHOOL MAINTENANCE AND UPGRADES ONLY IF FUNDS RAISED HAVE ALREADY COVERED THE \$1,250 PER PUPIL DISTRIBUTION

**WHEREAS**, the director of strategic research and data for the Colorado Education Association projects an annual drop in enrollment of 0.6% annually in the next six years; and

**WHEREAS**, the Poudre School District R1 (PSD) has identified projected enrollment decrease of approximately 10% in the next several years which equates to a recurring reduction of approximately \$40 million to PSD's annual budget; and

**WHEREAS**, PSD has identified its projected budget reductions would equate to approximately 404 full-time positions; and

**WHEREAS**, PSD has considered school closures and school consolidations to meet its projected annual budget shortfall; and

**WHEREAS**, PSD has identified that the State of Colorado ranks 40<sup>th</sup> in the country in per-pupil funding; and

**WHEREAS**, PSD has identified the national average for per-pupil funding is about \$11,000 per student, and PSD receives about \$8,050 per student, the lowest amount in the state funding formula that districts can receive; and

**WHEREAS**, PSD community and families have expressed publicly at PSD Board of Education meetings and listening sessions their desire to not have their schools closed or consolidated; and

**WHEREAS**, PSD community and families have expressed their commitment to maintaining the existing levels of meaningful services, resources, and opportunities for the students in their community; and

**WHEREAS**, PSD has decided not to close or consolidate schools for the 2025-26 school year, but has recognized the need for additional funding to offset reductions in per-pupil funds received; and

**WHEREAS**, reduced funding is directly impacting PSD's ability to provide meaningful educational services, resources, and opportunities for the students in our community; and

**WHEREAS**, providing quality educational services, resources, and facilities to the Fort Collins community, including post-secondary preparation courses, innovative school programs, technology, staff, and facility maintenance and improvements is an important investment in our community; and

**WHEREAS**, property taxes in the City of Fort Collins are already at high levels and an increase in the property tax through a mill levy override will only exacerbate that issue, thereby leading to accelerated reductions in PSD enrollment; and

**WHEREAS**, affordable housing in the City of Fort Collins is already a concern and an increase in the property tax through a mill levy override will only exacerbate that issue, thereby leading to accelerated reductions in PSD enrollment; and

**WHEREAS**, the proposed 1% sales tax increase will be borne not only by residents of the City of Fort Collins, but also by tourists and those traveling through our City, causing them to help share the cost of providing our community with the quality educational services, resources, and facilities that we seek; and

**WHEREAS**, the proposed sales tax increase is an innovative economic model that helps PSD to be fiscally viable and competitive with surrounding school districts, creating an incentive for students, families, and educators to stay in Fort Collins; and

**WHEREAS**, the City of Fort Collins (City), is a duly organized and existing home-rule municipality of the State of Colorado, created and operating pursuant to Article XX of the Constitution of the State of Colorado and the home-rule charter of the City; and

**WHEREAS**, the members of the City Council (Council) have been duly elected and qualified; and

**WHEREAS**, the members of the PSD Board of Education (Board) have been duly elected and qualified; and

**WHEREAS**, pursuant to Article X, Section 20 of the Colorado Constitution (TABOR), such tax increase requires a vote of the people; and

**WHEREAS**, Article XI, Section 7 of the Colorado Constitution provides that “no provision of this constitution shall be construed to prevent the state or any political subdivision from giving direct or indirect financial support to any political subdivision as may be authorized by general statute;” and

**WHEREAS**, the Public School Finance Act of 1994 (PFSA) permits local governments to cooperate with school districts through intergovernmental agreements to fund school district projects; and

**WHEREAS**, the Poudre School District R1 is a political subdivision of the State of Colorado, organized under and existing by virtue of the laws of the State of Colorado, providing educational resources and services to students in PSD; and

**WHEREAS**, under the PFSA, a school district’s financial base is funded from local and state revenues, and without revenue from sales and use tax or other sources of funding, a school district’s contribution to this financial base is mainly derived from local property taxes (i.e., a mill levy) as required under the PSFA,

**NOW, THEREFORE, IT IS ORDAINED AS FOLLOWS:**

**Section 1.** Commencing at 12:01 am on January 1, 2025, and expiring at midnight on December 31, 2050, an additional one percent (1%) City sales and use tax (the “Tax”) shall be levied on the purchase price of all taxable items, except that the Tax shall not be levied on items exempt under the City code from City sales and use tax, or on food for home consumption, and the use tax portion of the Tax shall not be levied on manufacturing equipment.

**Section 2.** Revenue generated by the Tax in the previous year shall be used to provide funding of \$1,250 per pupil to individual PSD schools each year based upon the previous year’s PSD annual October enrollment count.

**Section 3.** In the event the revenues generated by the Tax are insufficient to cover the full \$1,250 per pupil distribution to all PSD schools, distribution will be based upon the percentage of students on Free and

Reduced Lunch (FRL) at each school. Full distribution will be made first to the school or schools with the highest percentage of students on FRL, and then to the school or schools with the next highest percentage of students on FRL, and so on, until there are insufficient funds to cover the full \$1,250 per pupil at the school or schools with the next highest percentage of students on FRL. When this point is reached in the funding distribution, the remaining funds will be distributed to the remaining schools in direct proportion to the number of their students on FRL.

**Section 4.** If revenues generated by the Tax in a given year are in excess of those required to cover the full \$1,250 per pupil distribution to all PSD schools, additional funds may be distributed to individual PSD schools for school maintenance and upgrades.

**Section 5.** Revenues from the Tax will be collected by the City of Fort Collins and disbursed through a trust or other nonprofit entity created by intergovernmental agreement between the City and PSD. This trust or nonprofit entity will be managed by three Directors of the Poudre School District R1 Board of Education, selected by that body for this purpose, and two Councilmembers of the City of Fort Collins City Council, selected by that body for this purpose. The Board and the Council may each decide for its own members the duration of service as a manager of the trust or nonprofit entity, and the bases and processes for removal, except that in the event that a Board Director or City Councilmember selected for service as a manager of the trust or nonprofit entity no longer serves on the Board or Council, that person shall immediately be removed from management of the trust or nonprofit entity and their replacement shall be selected as soon as practicable.

**Section 6.** The managers of the trust or nonprofit entity shall prepare and publish annual financial reports for review by the appropriate City of Fort Collins board(s), City Council, appropriate Board of Education subcommittee(s), and the PSD Board of Education. These annual financial reports must include revenues, expenditures, and balances in the applicable funds or accounts, and any other appropriate related accounts, and may include such other items as the managers deem appropriate. The managers of the trust or nonprofit entity shall also prepare an annual report to the public, published in a way reasonably calculated to maximize dissemination of the report. This annual report to the public must include the amount of revenues derived from the Tax in the previous year and the use of those revenues, and may include such other items as the managers deem appropriate.

**Section 7.** Unless the Tax has been continued by appropriate operation of law, when the Tax expires at midnight on December 31, 2050, all moneys remaining from the proceeds of the initiative shall continue to be expended for the purposes set forth herein until completely exhausted, and on December 31, 2053, any remaining funds derived from the Tax shall be transferred to a fund or account for PSD's discretionary use.

**Section 8.** This ordinance becomes effective immediately upon certification of its passage.