

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

SECTION 1. Legislative declaration.

The people of Colorado find and declare that the purposes of this act are:

- (1) To create a statewide public enterprise authority 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;
- (2) To replace ad valorem property taxes with revenues generated by enterprises and other lawful sources, expressly approved by the people under article X, section 20 of the state constitution;
- (3) To fund essential services as the first priority of the authority, including K-12 public education, public safety, and rural health, and only thereafter to provide per-capita prosperity dividends from net earnings;
- (4) To ensure fiscal transparency, rural prioritization, and constitutional compliance with article X, section 20 and article IX, section 17 of the state constitution; and
- (5) 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 112 to title 24 as follows:

ARTICLE 112 Colorado public enterprise authority

24-112-101. Short title.

The short title of this article 112 is the “Colorado Public Enterprise Authority Act”.

24-112-102. Definitions.

As used in this article 112, unless the context otherwise requires:

- (1) “Authority” means the Colorado public enterprise authority created in section 24-112-103.
- (2) “Board” means the board of directors of the authority.
- (3) “Enterprise” has the same meaning as in section 20 (2)(d) of article X of the state constitution.

- (4) “Grant” has the meaning set forth in section 24-77-102 (7).
- (5) “Net earnings” means total operating revenues of the authority 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.
- (6) “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.
- (7) “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. Individuals without a fixed address may establish residency through community-based verification under subsection (9) of this section.
- (8) “Minor” means a resident under eighteen years of age. Minors qualify from birth if guardians meet residency criteria.
- (9) “Community-based verification” means identity or residency confirmation by qualified organizations, including shelters, nonprofit service providers, schools, federally qualified health centers, or local human services agencies, pursuant to board rule.
- (10) “Dividend account” means an account established by or for a resident for receipt of a prosperity dividend under section 24-112-108. 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 24-112-108 (3).
- (11) “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 24-112-108 (2).
- (12) “Guardian” has the same meaning as in section 15-14-102 (5).
- (13) “Rural area” has the same meaning as in section 24-32-3702 (4).
- (14) “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.

24-112-103. Authority – creation – enterprise status – transfer of existing enterprises.

- (1) The Colorado public enterprise authority is created as an enterprise. The authority is a type 1 entity within the department of the treasury for administrative purposes only, as defined in section 24-1-105 (1).

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

(3) All participation in the authority's services is voluntary, and all charges are user fees, not taxes.

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

(a) The Colorado housing and finance authority, pursuant to title 29, article 4, which is expanded to include public banking services, including voluntary deposits, loans, lines of credit, and guarantees for infrastructure, energy, housing, and small businesses, with revenues from fees, interest, and investment returns, and partnerships with community banks and credit unions;

(b) The high-performance transportation enterprise, pursuant to title 43, article 4, part 8, to manage tolls, express lanes, parking, and concessions;

(c) The clean transit enterprise, pursuant to title 43, article 4, part 12, expanded to include broadband services, renewable energy generation, transmission corridors, and concessions;

(d) The Colorado parks and wildlife enterprise, pursuant to title 33, article 9, for public lands concessions and leases, including recreational concessions;

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

(f) Any other state enterprise with revenue-generating functions in transportation, energy, broadband, water, housing, or public lands, as determined by the board through rule pursuant to the "State Administrative Procedure Act", article 4 of this title 24.

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

24-112-104. Governance – board – terms – compensation – conflicts.

(1) The authority 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. Members shall have expertise in finance, insurance, healthcare, transportation, energy, or public administration.

(2) Members serve staggered initial terms and thereafter four-year terms, and may be removed for cause.

(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.

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

24-112-105. Powers – coordination – licensing – bonds.

(1) The authority may contract, acquire property, set fees, and issue revenue bonds payable solely from its revenues. Initial startup costs for new services shall 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 authority shall obtain all required licenses and approvals under state and federal law and shall coordinate the operations of its divisions through internal policies and memoranda of understanding as necessary.

24-112-106. User fees – rural access – pilot programs.

(1) All charges imposed by the authority are voluntary user fees reasonably related to the cost of providing the service. Subsidies may be provided for low-income residents up to two hundred percent of the federal poverty level.

(2) At least twenty percent of annual capital investment shall be deployed in rural areas, with mobile service units and targeted programs.

(3) Pilot programs for new or expanded services shall operate for at least twelve months, require a report to the general assembly including public comment, and 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.

24-112-107. Prosperity dividend fund – allocations – reports.

(1) The prosperity dividend fund is created in the state treasury, consisting of revenues of the authority. The fund is continuously appropriated and excluded from state fiscal year spending.

(2) Net earnings, after costs and reserves, shall be allocated annually: 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 shall be credited to a rural sub-account to support rural broadband and renewable energy through grants and loans for infrastructure in rural areas.

(4) The authority shall publish annual audited financial statements and plain-language reports.

24-112-108. Prosperity dividends – eligibility – privacy – minors.

(1) A resident may apply annually by March 31, or a resident may apply on behalf of another resident with consent. Proof of identity and residency may be flexible. 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 shall be deposited into no-fee accounts, accessible at age eighteen, with hardship withdrawals allowed by guardian attestation for verified needs such as medical or housing expenses, disbursed to the guardian within seven business days. The authority may deny disbursements only if attestation is incomplete.

(4) Administrative costs of the dividend program shall 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 are reduced proportionally.

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

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

24-112-109. Oversight – audits – public forums – review committee.

(1) The authority 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 shall be conducted and funded from authority revenues not exceeding one percent of net earnings.

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

(4) From 2027 through 2035 the authority shall hold quarterly public forums.

(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, shall issue annual reports with recommendations. The committee is funded from authority revenues not exceeding one percent of net earnings.

24-112-110. Education campaign – online portal – economic studies.

(1) The authority shall conduct a multilingual public education campaign explaining changes made by this act, funded from authority revenues not exceeding two percent of net earnings.

(2) By January 1, 2027, the authority shall deploy an online portal for applications, tracking, and reporting.

(3) By December 1, 2028, the authority shall publish economic studies evaluating the impacts of this act, funded from authority 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; redirected amounts are classified as transfers to the essential services stabilization grants and not as net earnings.

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

39-3-101.5. Ad valorem property tax – phase-out – funding continuity – voter approval.

(1) "Property tax" means an ad valorem tax on real or personal property levied by the state or any political subdivision. The term excludes special assessments, service fees not based on valuation, voter-approved mill levies for bonded indebtedness until obligations are retired, and the specific ownership tax.

(2) Beginning with property tax year 2027, each political subdivision's operating mill levy certified for tax year 2026 under section 39-5-121 shall be reduced by one-tenth each year, reaching zero for tax year 2036.

(3) The people of Colorado, through this act, expressly approve under article X, section 20, the redistribution of enterprise revenues and other lawful receipts to replace property tax funding for essential services. Such revenues may include fees, premiums, concessions, rents, voluntary charges, investment income, and gifts received by the Colorado public enterprise authority created in article 112 of title 24.

(4) In each fiscal year during the phase-out, the general assembly shall appropriate or allocate sufficient replacement revenues to ensure public school finance is funded at or above the minimum required by article IX, section 17 of the state constitution and that local governments and special districts receive stable funding for essential services, in compliance with sections 39-1-104.2 and 39-5-121.

(5) Dividends to residents shall be paid only from net earnings after essential services stabilization grants and required reserves are fully funded. If replacement revenues fall short of projected needs, determined on a statewide basis as prior year property tax revenue adjusted for inflation pursuant to section 29-1-301, dividends shall be proportionally reduced before any reduction in essential service grants. If pausing reductions is insufficient, the general assembly may adjust by bill.

(6) Nothing in this section impairs the obligation of contract for bonded indebtedness under article II, section 11 of the state constitution.

(7) Upon repeal of all operating and debt-service mill levies, this section is repealed.

SECTION 4. Conforming amendments – repeals.

(1) The general assembly shall adopt conforming amendments by bill, effective for property tax year 2027 and thereafter, 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 24-112-103 (4). If the general assembly fails to adopt, the authority board shall promulgate temporary rules pursuant to the “State Administrative Procedure Act”, article 4 of this title 24.

(2) Upon the effective date of this act, the following are repealed: title 29, article 4 (Colorado housing and finance authority); title 43, article 4, part 8 (high-performance transportation enterprise and statewide bridge and tunnel enterprise); title 43, article 4, part 12 (clean transit enterprise); title 33, article 9 (Colorado parks and wildlife enterprise).

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.