

**First Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO**

INTRODUCED

LLS NO. 25-0730.01 Caroline Martin x5902

SENATE BILL 25-167

SENATE SPONSORSHIP

Amabile,

HOUSE SPONSORSHIP

(None),

Senate Committees

Finance

House Committees

A BILL FOR AN ACT

101 **CONCERNING THE INVESTMENT OF STATE FUND MONEY TO BENEFIT**
102 **COLORADO COMMUNITIES.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

Section 1 of the bill requires at least one member of the public school fund investment board (board) to have expertise in community investments, requires the board to direct the state treasurer to securely invest money deposited in the public school fund in a manner that prioritizes new investment objectives, and authorizes the board to enter into contracts with investment advisors or other investment professionals

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

to provide advice on community investments. **Section 2** makes conforming changes in order to expand the types of investments the state treasurer can make using public school fund money and extends the amount of time the treasurer has to offset an aggregate loss of principal to the public school fund from 18 to 24 months.

Section 3 creates the new community investment portfolio within the permanent school fund, and requires the state treasurer to invest at least 6% of the money in the permanent school fund into the community investment portfolio by July 1, 2027. The state treasurer is required to invest at least 20% of the money in the permanent school fund into the community investment portfolio by July 1, 2032.

Money in the portfolio must be invested in community investments, and allowable community investments include:

- Bonds issued by Colorado school districts and charter schools;
- Certificates of participation issued by Colorado school districts and charter schools;
- Mortgage pass-through securities and collateralized mortgage obligations secured by residential real estate, the majority of which is owned by public school employees;
- Loans to the Colorado middle income housing authority for a revolving loan fund that funds rental housing developments that include preferences for public school employees;
- Bonds issued by the middle income housing authority that fund rental housing developments which include preferences for public school employees;
- Bonds issued by the Colorado housing and finance authority that fund rental housing developments that include preferences for public school employees;
- Mortgage revenue bonds that support public school employee mortgages with interest rates of 3% or less;
- Loans to community development financial institutions that fund:
 - The construction of housing developments that include preferences for public school employees; or
 - Low-interest mortgages secured by residential real estate that is owned by public school employees; and
- Other venture capital, private equity, or public equity funds that support education in Colorado.

The educator first home ownership program (program) is created within the community investment portfolio. The treasurer shall invest the following amounts in the program by the following dates:

- By July 1, 2027, the greater of 6% of the fund's value or \$100 million; and
- By July 1, 2028, the greater of 12% of the fund's value or \$200 million.

The treasurer shall invest the money in the program as follows:

- 75% of the money in the program shall be administered by the program administrator and used for a shared equity down payment assistance program that:
 - Provides at least 15% of the total cost of a home to public school employees; and
 - Allows appreciation-sharing between the program and the homeowner, with the program's share of appreciation capped at 10%.
- 25% of the money in the program must be invested in allowable community investments with the purpose of increasing the supply of houses for sale and access to home ownership in rural and other underserved communities.

The program administrator shall ensure that mortgages in the shared equity down payment assistance program bear interest rates that are at least as low as prevailing mortgage rates at the time the mortgages in the shared equity down payment assistance program are entered into. The program administrator shall present an annual report to the public school fund investment board on program outcomes.

Sections 4 and 5 clarify that the state treasurer may invest state money in direct and indirect equity investments and other asset classes including mutual funds, exchange-traded funds, direct and indirect real estate investments, and education-related community investments.

Section 6 requires the state treasurer to invest at least 20% of the money in the unclaimed property trust fund in direct and indirect equity investments, mutual funds, exchange-traded funds, direct and indirect real estate investments, and other asset classes by July 1, 2032. The state treasurer is also required to make 2 loans of money from the unclaimed property trust fund to the department of local affairs, both of which must be paid back in full by July 1, 2045, including:

- \$100 million on July 1, 2025, that the department of local affairs shall use to create a new zero-interest revolving loan program for affordable housing developers; and
- \$50 million that the department of local affairs shall use to create a new zero-interest revolving loan program to benefit fire protection districts and ambulance districts experiencing cash flow issues.

Section 7 creates the new Colorado investment portfolio (Colorado portfolio) within the unclaimed property trust fund. The treasurer is required to invest at least 5% of the money in the unclaimed property trust

fund into the Colorado portfolio by July 1, 2027, and at least 20% of the money in the unclaimed property trust fund into the Colorado portfolio by July 1, 2032.

Money in the Colorado portfolio must be invested in:

- The community investment portfolio;
- Bonds issued by Colorado school districts, charter schools, local governments, special districts, state enterprises, Indian tribes, or special purpose authorities;
- Certificates of participation issued by Colorado school districts, charter schools, local governments, special districts, state enterprises, Indian tribes, or special purpose authorities;
- Mortgage pass-through securities and collateralized mortgage obligations secured by Colorado residential real estate that is owned by Coloradans;
- Bonds issued by the middle income housing authority;
- Bonds issued by the Colorado housing and finance authority;
- Loans to community development financial institutions that fund:
 - The construction of housing developments in Colorado; or
 - Mortgages secured by Colorado residential real estate that is owned by Coloradans;
- Bonds issued by businesses headquartered in Colorado;
- Asset-backed securities supported by loans to small businesses in Colorado;
- The venture capital authority within the office of economic development and international trade; or
- Other venture capital, private equity, or public equity funds that support communities in Colorado.

Section 8 reduces the amount credited to the housing development grant fund from the general fund by \$15 million for state fiscal year 2026-27.

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

2 **SECTION 1.** In Colorado Revised Statutes, 22-41-102.5, **amend**

3 (1)(a)(III), (3), (4)(a)(II), and (5) as follows:

4 **22-41-102.5. Public school fund investment board - creation**

5 **- working group - report.** (1) (a) There is hereby created the public

1 school fund investment board, referred to in this section as the "board".

2 The board consists of five members as follows:

3 (III) Three members appointed by the state treasurer ~~Such~~
4 ~~appointees must have diversity in party affiliation and~~ WITH DIVERSE
5 PARTY AFFILIATIONS. AT LEAST ONE APPOINTEE REQUIRED BY THIS
6 SUBSECTION (1)(a)(III) MUST HAVE EXPERTISE IN COMMUNITY
7 INVESTMENTS, AS DEFINED IN SECTION 22-41-104.7 (1), AND THE OTHER
8 TWO MUST HAVE professional qualifications regarding the prudent
9 investment of trust fund money or expertise in institutional investment
10 management.

11 (3) The board shall direct the state treasurer on how to securely
12 invest money deposited in the public school fund:

13 (a) For the intergenerational benefit of public schools; ~~and~~

14 (b) In a manner that complies with the "Uniform Prudent Investor
15 Act", article 1.1 of title 15; ~~C.R.S.~~ AND

16 (c) IN A MANNER THAT TARGETS THE FOLLOWING INVESTMENT
17 OBJECTIVES:

18 (I) PRESERVING THE PRINCIPAL OF THE PUBLIC SCHOOL FUND;

19 (II) PROVIDING SUBSTANTIAL BENEFIT TO THE BENEFICIARIES OF
20 THE PUBLIC SCHOOL FUND THROUGH COMMUNITY INVESTING AS OUTLINED
21 IN SECTION 22-41-104.7;

22 (III) MAINTAINING A MINIMUM ANNUAL DISTRIBUTION OF
23 INTEREST AND INCOME OF AT LEAST THREE PERCENT OF A ROLLING
24 FIVE-YEAR AVERAGE OF FUND VALUE; AND

25 (IV) ACHIEVING REASONABLE AND CONSISTENT PUBLIC SCHOOL
26 FUND GROWTH OVER TIME BY INVESTING IN EQUITIES AND OTHER
27 DIVERSIFIED ASSETS AND TARGETING A SEVEN AND ONE-HALF PERCENT

1 COMPOUND ANNUAL GROWTH RATE OVER A ROLLING FIVE-YEAR PERIOD.

2 (4) (a) No later than March 31, 2017, the board shall establish
3 policies that are necessary and proper for the administration of this
4 section, including but not limited to:

5 (II) A policy establishing allowable investments that comply with
6 section 22-41-104, SECTION 22-41-104.7, and section 3 of article IX of
7 the state constitution; and

8 (5) The board may enter into contracts with private professional
9 fund managers, INVESTMENT ADVISORS, OR OTHER INVESTMENT
10 PROFESSIONALS to provide expertise, technical support, and advice on
11 investment market conditions AND TO PROVIDE SUPPORT FOR THE
12 IMPLEMENTATION OF THE COMMUNITY INVESTMENT PORTFOLIO. Such
13 ~~contract or~~ contracts must be bid by employing standard public bidding
14 practices including, but not limited to, the use of requests for information,
15 requests for proposals, or any other standard vendor selection practices
16 determined by the board to be best suited to selecting an appropriate
17 private professional fund manager. Payments for these services will be
18 paid from the interest and income of the public school fund subject to the
19 requirements set forth in section 22-41-102.

20 **SECTION 2.** In Colorado Revised Statutes, 22-41-104, **amend**
21 (1) and (2); and **add** (4) as follows:

22 **22-41-104. Lawful investments - legislative declaration.**

23 (1) The state treasurer, as directed by the public school fund investment
24 board, may invest and reinvest ~~moneys~~ MONEY accrued or accruing to the
25 public school fund in the types of deposits and investments authorized in
26 sections 24-36-109, 24-36-112, and 24-36-113, ~~C.R.S.~~, and bonds issued
27 by school districts. The ~~moneys~~ MONEY may also be invested ~~in stocks~~

1 ~~and other financial assets~~ as specified in the public school fund
2 investment board investment policy established as required in section
3 22-41-102.5 (4)(b). ~~except that investment includes only mutual funds,~~
4 ~~index funds, and any other instrument that is not a direct investment in a~~
5 ~~corporation.~~

6 (2) The state treasurer has authority, to be exercised at the state
7 treasurer's discretion, to effect exchanges or sales whenever such
8 exchanges or sales will not result in an aggregate loss of principal to the
9 public school fund. An aggregate loss of principal to the public school
10 fund occurs only when an exchange or sale that resulted in an initial loss
11 of principal is not offset by a gain on an exchange or sale in the fund
12 within ~~eighteen~~ TWENTY-FOUR months. The calculation of an aggregate
13 loss must also include any gains that were realized in the twelve months
14 prior to the loss of principal.

15 (4) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

16 (a) THE MISSION OF THE PUBLIC SCHOOL FUND IS TO SUPPORT
17 COLORADO CHILDREN AND COLORADO SCHOOLS. THE STRATEGIC
18 INVESTMENT OF CAPITAL CAN ACHIEVE POSITIVE SOCIAL OUTCOMES AND
19 BENEFICIAL FINANCIAL RETURNS. THE FUND'S INTERGENERATIONAL
20 MISSION IS BEST SERVED BY INVESTING A PORTION OF THE FUND'S CORPUS
21 IN A WAY THAT ADVANCES CLEAR, MEANINGFUL, AND MEASURABLE
22 OUTCOMES THROUGH THE COMMUNITY INVESTMENT PORTFOLIO.
23 INVESTMENTS SHOULD BE ALIGNED WITH THE FUND'S MISSION AND
24 SHOULD BENEFIT COLORADO SCHOOL CHILDREN.

25 (b) INVESTMENT IN COMMUNITIES CAN LEAD TO INCREASED
26 CONSTRUCTION OF HOUSING FOR TEACHERS AND FAMILIES, AFFORDABLE
27 HOME OWNERSHIP FOR TEACHERS AND PUBLIC SCHOOL EMPLOYEES,

1 SCALING OF INNOVATIVE EDUCATIONAL TOOLS, PROVISION OF CAPITAL FOR
2 EARLY CHILDHOOD BUSINESSES, AND SUBSIDIZATION OF SCHOOL
3 FACILITIES. THESE INVESTMENTS CAN IMPROVE THE LIVES OF COLORADO
4 FAMILIES, INCREASE EDUCATIONAL OPPORTUNITIES, AND ADVANCE THE
5 INTERGENERATIONAL MISSION OF THE FUND.

6 (c) THE PUBLIC PURPOSE OF THE COMMUNITY INVESTMENT
7 PORTFOLIO WITHIN THE PUBLIC SCHOOL FUND IS TO AMPLIFY THE BENEFIT
8 PROVIDED TO COLORADO SCHOOL CHILDREN BY INVESTING IN COLORADO
9 CHILDREN, FAMILIES, AND COMMUNITIES.

10 (d) INVESTING MONEY IN THE PUBLIC SCHOOL FUND INTO THE
11 COMMUNITY INVESTMENT PORTFOLIO COMPLIES WITH THE "UNIFORM
12 PRUDENT INVESTOR ACT", ARTICLE 1.1 OF TITLE 15, AND SPECIFICALLY
13 SECTION 15-1.1-102.5, BECAUSE THE ASSETS IN THE PORTFOLIO HAVE A
14 "SPECIAL RELATIONSHIP OR SPECIAL VALUE" TO THE PURPOSES OF THE
15 TRUST AND TO ONE OR MORE OF THE BENEFICIARIES. INVESTMENTS IN THE
16 PORTFOLIO BENEFIT COLORADO SCHOOL CHILDREN AND ADVANCE "THE
17 INTERGENERATIONAL BENEFIT OF PUBLIC SCHOOLS" IN ACCORDANCE WITH
18 SECTION 22-41-102.5 (3).

19 (e) THE STATE TREASURER MAY INVEST IN DIRECT AND INDIRECT
20 EQUITY INVESTMENTS AND OTHER ASSET CLASSES INCLUDING MUTUAL
21 FUNDS, EXCHANGE-TRADED FUNDS, DIRECT AND INDIRECT REAL ESTATE
22 INVESTMENTS, AND EDUCATION-RELATED COMMUNITY INVESTMENTS.
23 INVESTMENT IN THESE ASSET CLASSES FURTHERS THE PUBLIC PURPOSE OF
24 INCREASING THE FUND BALANCE FOR FUND BENEFICIARIES.

25 **SECTION 3.** In Colorado Revised Statutes, **add** 22-41-104.7 as
26 follows:

27 **22-41-104.7. Community investment portfolio - required**

1 **investments - creation - legislative declaration - definitions.**

2 **(1) Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT
3 OTHERWISE REQUIRES:

4 (a) "COMMUNITY INVESTMENT" MEANS AN INVESTMENT THAT IS
5 INTENDED TO GENERATE POSITIVE, MEASURABLE IMPACT FOR COLORADO
6 SCHOOL CHILDREN, FAMILIES, OR COMMUNITIES WHILE SIMULTANEOUSLY
7 GENERATING FINANCIAL RETURNS. COMMUNITY INVESTMENTS MAY HAVE
8 BELOW-MARKET RATES OF RETURN.

9 (b) "FUND" MEANS THE PUBLIC SCHOOL FUND OF THE STATE
10 CREATED IN SECTION 3 OF ARTICLE IX OF THE STATE CONSTITUTION.

11 (c) "PORTFOLIO" MEANS THE COMMUNITY INVESTMENT PORTFOLIO
12 CREATED IN THIS SECTION.

13 (d) "PROGRAM" MEANS THE EDUCATOR FIRST HOME OWNERSHIP
14 PROGRAM CREATED IN THIS SECTION.

15 (e) "PROGRAM ADMINISTRATOR" MEANS A POLITICAL SUBDIVISION
16 OF THE STATE THAT IS ESTABLISHED FOR THE PURPOSE, AMONG OTHERS,
17 OF INCREASING THE SUPPLY OF DECENT, SAFE, AND SANITARY HOUSING
18 FOR LOW- AND MODERATE-INCOME FAMILIES, AND THAT ADMINISTERS THE
19 SHARED EQUITY DOWN PAYMENT ASSISTANCE PROGRAM PURSUANT TO
20 SUBSECTION (4)(b)(I) OF THIS SECTION.

21 (f) "PUBLIC SCHOOL EMPLOYEE" MEANS ANY EMPLOYEE OF A
22 COLORADO SCHOOL DISTRICT, CHARTER SCHOOL, INSTITUTE CHARTER
23 SCHOOL, OR INNOVATION ZONE.

24 **(2) Portfolio created.** THE COMMUNITY INVESTMENT PORTFOLIO
25 IS CREATED WITHIN THE FUND. BY JULY 1, 2027, THE TREASURER SHALL
26 INVEST AT LEAST SIX PERCENT OF THE FUND'S VALUE INTO THE EDUCATOR
27 FIRST HOME OWNERSHIP PROGRAM WITHIN THE PORTFOLIO IN

1 ACCORDANCE WITH SUBSECTION (4)(a) OF THIS SECTION. BY JULY 1, 2032,
2 THE TREASURER SHALL INVEST AT LEAST TWENTY PERCENT OF THE FUND'S
3 VALUE INTO THE PORTFOLIO.

4 (3) **Allowable portfolio investments.** MONEY IN THE PORTFOLIO
5 MUST BE INVESTED IN COMMUNITY INVESTMENTS. ALLOWABLE
6 COMMUNITY INVESTMENTS INCLUDE:

7 (a) BONDS ISSUED BY COLORADO SCHOOL DISTRICTS AND CHARTER
8 SCHOOLS;

9 (b) CERTIFICATES OF PARTICIPATION ISSUED BY COLORADO
10 SCHOOL DISTRICTS AND CHARTER SCHOOLS;

11 (c) MORTGAGE PASS-THROUGH SECURITIES AND COLLATERALIZED
12 MORTGAGE OBLIGATIONS SECURED BY RESIDENTIAL REAL ESTATE, THE
13 MAJORITY OF WHICH IS OWNED BY PUBLIC SCHOOL EMPLOYEES;

14 (d) LOANS TO THE COLORADO MIDDLE INCOME HOUSING
15 AUTHORITY FOR A REVOLVING LOAN FUND THAT FUNDS RENTAL HOUSING
16 DEVELOPMENTS THAT INCLUDE PREFERENCES FOR PUBLIC SCHOOL
17 EMPLOYEES;

18 (e) BONDS ISSUED BY THE MIDDLE INCOME HOUSING AUTHORITY
19 THAT FUND RENTAL HOUSING DEVELOPMENTS THAT INCLUDE
20 PREFERENCES FOR PUBLIC SCHOOL EMPLOYEES;

21 (f) BONDS ISSUED BY THE COLORADO HOUSING AND FINANCE
22 AUTHORITY THAT FUND RENTAL HOUSING DEVELOPMENTS THAT INCLUDE
23 PREFERENCES FOR PUBLIC SCHOOL EMPLOYEES;

24 (g) MORTGAGE REVENUE BONDS THAT SUPPORT PUBLIC SCHOOL
25 EMPLOYEE MORTGAGES WITH INTEREST RATES OF THREE PERCENT OR
26 LESS;

27 (h) LOANS TO COMMUNITY DEVELOPMENT FINANCIAL

1 INSTITUTIONS THAT FUND:

2 (I) THE CONSTRUCTION OF HOUSING DEVELOPMENTS THAT
3 INCLUDE PREFERENCES FOR PUBLIC SCHOOL EMPLOYEES; OR

4 (II) LOW-INTEREST MORTGAGES SECURED BY RESIDENTIAL REAL
5 ESTATE THAT IS OWNED BY PUBLIC SCHOOL EMPLOYEES;

6 (i) OTHER VENTURE CAPITAL, PRIVATE EQUITY, OR PUBLIC EQUITY
7 FUNDS THAT SUPPORT EDUCATION IN COLORADO.

8 (4) **Educator first home ownership program.** (a) THE
9 EDUCATOR FIRST HOME OWNERSHIP PROGRAM IS CREATED WITHIN THE
10 PORTFOLIO. THE TREASURER SHALL INVEST THE FOLLOWING AMOUNTS
11 INTO THE PROGRAM BY THE FOLLOWING DATES:

12 (I) BY JULY 1, 2027, THE GREATER OF SIX PERCENT OF THE FUND'S
13 VALUE OR ONE HUNDRED MILLION DOLLARS;

14 (II) BY JULY 1, 2028, THE GREATER OF TWELVE PERCENT OF THE
15 FUND'S VALUE OR TWO HUNDRED MILLION DOLLARS.

16 (b) THE TREASURER SHALL INVEST MONEY IN THE PROGRAM AS
17 FOLLOWS:

18 (I) SEVENTY-FIVE PERCENT OF THE MONEY IN THE PROGRAM SHALL
19 BE ADMINISTERED BY THE PROGRAM ADMINISTRATOR AND USED FOR A
20 SHARED EQUITY DOWN PAYMENT ASSISTANCE PROGRAM THAT:

21 (A) PROVIDES AT LEAST FIFTEEN PERCENT OF THE TOTAL COST OF
22 A HOME TO PUBLIC SCHOOL EMPLOYEES; AND

23 (B) ALLOWS APPRECIATION-SHARING BETWEEN THE PROGRAM AND
24 THE HOMEOWNER, WITH THE PROGRAM'S SHARE OF APPRECIATION CAPPED
25 AT TEN PERCENT.

26 (II) TWENTY-FIVE PERCENT OF THE MONEY IN THE PROGRAM MUST
27 BE INVESTED IN ALLOWABLE COMMUNITY INVESTMENTS DESCRIBED IN

1 SUBSECTION (3) OF THIS SECTION WITH THE PURPOSE OF INCREASING THE
2 SUPPLY OF HOUSES FOR SALE AND ACCESS TO HOME OWNERSHIP IN RURAL
3 AND OTHER UNDERSERVED COMMUNITIES.

4 (c) THE PROGRAM ADMINISTRATOR SHALL ENSURE THAT
5 MORTGAGES IN THE SHARED EQUITY DOWN PAYMENT ASSISTANCE
6 PROGRAM DESCRIBED IN SUBSECTION (4)(b)(I) OF THIS SECTION BEAR
7 INTEREST RATES THAT ARE AT LEAST AS LOW AS PREVAILING MORTGAGE
8 RATES AT THE TIME THE MORTGAGES IN THE SHARED EQUITY DOWN
9 PAYMENT ASSISTANCE PROGRAM ARE ENTERED INTO.

10 (d) THE PROGRAM ADMINISTRATOR SHALL PRESENT AN ANNUAL
11 REPORT TO THE PUBLIC SCHOOL FUND INVESTMENT BOARD ON PROGRAM
12 OUTCOMES, INCLUDING:

13 (I) THE NUMBER OF PUBLIC SCHOOL EMPLOYEES SERVED BY THE
14 PROGRAM;

15 (II) THE GEOGRAPHIC DISTRIBUTION OF THE PUBLIC SCHOOL
16 EMPLOYEES SERVED BY THE PROGRAM;

17 (III) AVERAGE HOME PRICES AND MONTHLY PAYMENTS FOR PUBLIC
18 SCHOOL EMPLOYEES THAT BENEFIT FROM THE PROGRAM; AND

19 (IV) THE PROGRAM'S IMPACT ON PUBLIC SCHOOL EMPLOYEE
20 RETENTION.

21 (e) NOTHING IN THIS SECTION PREVENTS THE USE OF OTHER
22 SOURCES OF STATE OR LOCAL FUNDING TO BE LEVERAGED WITH THE
23 PROGRAM.

24 **SECTION 4.** In Colorado Revised Statutes, 24-36-113, **add** (6.5)
25 as follows:

26 **24-36-113. Investment of state money - limitations - legislative**
27 **declaration.** (6.5) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

1 (a) THE STRATEGIC INVESTMENT OF CAPITAL CAN FURTHER THE
2 PUBLIC PURPOSE OF GROWING THE BALANCE OF FUNDS UNDER THE
3 TREASURER'S MANAGEMENT FOR THE BENEFIT OF ALL COLORADANS; AND

4 (b) THE TREASURER MAY INVEST IN DIRECT AND INDIRECT EQUITY
5 INVESTMENTS AND OTHER ASSET CLASSES INCLUDING MUTUAL FUNDS,
6 EXCHANGE-TRADED FUNDS, DIRECT AND INDIRECT REAL ESTATE
7 INVESTMENTS, AND EDUCATION-RELATED COMMUNITY INVESTMENTS.
8 INVESTMENT IN THESE ASSET CLASSES FURTHERS THE PUBLIC PURPOSE OF
9 INCREASING FUND BALANCES FOR FUND BENEFICIARIES.

10 **SECTION 5.** In Colorado Revised Statutes, 24-75-601.1, **add** (5)
11 as follows:

12 **24-75-601.1. Legal investments of public funds - legislative**
13 **declaration - definition.** (5) (a) THE GENERAL ASSEMBLY FINDS AND
14 DECLARES THAT THE STRATEGIC INVESTMENT OF CAPITAL CAN FURTHER
15 THE PUBLIC PURPOSE OF GROWING THE BALANCE OF FUNDS UNDER THE
16 STATE TREASURER'S MANAGEMENT FOR THE BENEFIT OF ALL
17 COLORADANS, AND IT IS THEREFORE NECESSARY AND APPROPRIATE TO
18 AUTHORIZE THE STATE TREASURER TO MAKE INVESTMENTS AS SET FORTH
19 IN SUBSECTION (5)(b) OF THIS SECTION.

20 (b) THE STATE TREASURER MAY INVEST IN DIRECT AND INDIRECT
21 EQUITY INVESTMENTS AND OTHER ASSET CLASSES INCLUDING MUTUAL
22 FUNDS, EXCHANGE-TRADED FUNDS, DIRECT AND INDIRECT REAL ESTATE
23 INVESTMENTS, AND EDUCATION-RELATED COMMUNITY INVESTMENTS.
24 INVESTMENT IN THESE ASSET CLASSES FURTHERS THE PUBLIC PURPOSE OF
25 INCREASING FUND BALANCES FOR FUND BENEFICIARIES.

26 **SECTION 6.** In Colorado Revised Statutes, 38-13-801, **amend**
27 (1)(b); and **add** (1.5), (1.7), (2.5)(c), (2.5)(d), and (6) as follows:

1 **38-13-801. Unclaimed property trust fund - creation -**
2 **legislative declaration - payments - interest - appropriations - records**
3 **- rules - investment objectives.** (1) (b) Except as provided in
4 subsections (2), ~~(2.5)~~, (3), and (3.5) of this section, the principal of the
5 trust fund shall not be expended except to pay claims made pursuant to
6 this article 13. Money constituting the principal of the trust fund is not
7 fiscal year spending of the state for purposes of section 20 of article X of
8 the state constitution and is not subject to appropriation by the general
9 assembly.

10 (1.5) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

11 (a) THE STRATEGIC INVESTMENT OF CAPITAL CAN FURTHER THE
12 PUBLIC PURPOSE OF GROWING THE FUND BALANCE FOR THE BENEFIT OF ALL
13 COLORADANS, INCLUDING THOSE WITH UNCLAIMED PROPERTY; AND

14 (b) A LOAN MADE FROM THE UNCLAIMED PROPERTY TRUST FUND
15 TO A SEPARATE FUND WITHIN A STATE DEPARTMENT IS AN INTERFUND
16 LOAN ACCORDING TO GOVERNMENTAL ACCOUNTING STANDARDS BOARD
17 CODIFICATION 1800.102, MEANING THE LOAN IS NOT CLASSIFIED AS
18 REVENUE AND IS BOOKED AS AN INTERFUND RECEIVABLE OR PAYABLE.
19 THEREFORE, THE LOAN DOES NOT CREATE A MULTIPLE-FISCAL YEAR DEBT
20 OR FINANCIAL OBLIGATION.

21 (1.7) (a) THE STATE TREASURER MAY INVEST MONEY IN THE
22 UNCLAIMED PROPERTY TRUST FUND IN DIRECT AND INDIRECT EQUITY
23 INVESTMENTS AND OTHER ASSET CLASSES INCLUDING MUTUAL FUNDS,
24 EXCHANGE-TRADED FUNDS, DIRECT AND INDIRECT REAL ESTATE
25 INVESTMENTS, AND EDUCATION-RELATED COMMUNITY INVESTMENTS.
26 INVESTMENT IN THESE ASSET CLASSES FURTHERS THE PUBLIC PURPOSE OF
27 INCREASING THE FUND BALANCE FOR FUND BENEFICIARIES.

1 (b) AT LEAST TWENTY PERCENT OF THE MONEY IN THE UNCLAIMED
2 PROPERTY TRUST FUND MUST BE INVESTED IN DIRECT AND INDIRECT
3 EQUITY INVESTMENTS, MUTUAL FUNDS, EXCHANGE-TRADED FUNDS,
4 DIRECT AND INDIRECT REAL ESTATE INVESTMENTS, AND OTHER ASSET
5 CLASSES BY JULY 1, 2032.

6 (2.5) (c) ON JULY 1, 2025, THE ADMINISTRATOR SHALL MAKE AN
7 INTEREST-FREE LOAN IN THE AMOUNT OF ONE HUNDRED MILLION DOLLARS
8 FROM THE UNCLAIMED PROPERTY TRUST FUND TO THE DEPARTMENT OF
9 LOCAL AFFAIRS CREATED IN SECTION 24-1-125, WHICH DEPARTMENT MAY
10 USE UP TO TWO PERCENT OF THE LOAN FOR ADMINISTRATIVE COSTS, AND
11 SHALL:

12 (I) USE THE LOAN TO CREATE A NEW ZERO-INTEREST REVOLVING
13 LOAN PROGRAM FOR AFFORDABLE HOUSING DEVELOPERS WITHIN THE
14 HOUSING DEVELOPMENT GRANT FUND CREATED IN SECTION 24-32-721;
15 AND

16 (II) PAY THE LOAN BACK TO THE UNCLAIMED PROPERTY TRUST
17 FUND BY JULY 1, 2045.

18 (d) ON JULY 1, 2025, THE ADMINISTRATOR SHALL MAKE AN
19 INTEREST-FREE LOAN IN THE AMOUNT OF FIFTY MILLION DOLLARS FROM
20 THE UNCLAIMED PROPERTY TRUST FUND TO THE DEPARTMENT OF LOCAL
21 AFFAIRS CREATED IN SECTION 24-1-125, WHICH DEPARTMENT MAY USE UP
22 TO TWO PERCENT OF THE LOAN FOR ADMINISTRATIVE COSTS, AND SHALL:

23 (I) USE THE LOAN TO CREATE A NEW ZERO-INTEREST REVOLVING
24 LOAN PROGRAM TO BENEFIT FIRE PROTECTION DISTRICTS AND AMBULANCE
25 DISTRICTS; AND

26 (II) PAY THE LOAN BACK TO THE UNCLAIMED PROPERTY TRUST
27 FUND BY JULY 1, 2045.

1 (6) WHEN INVESTING MONEY IN THE UNCLAIMED PROPERTY TRUST
2 FUND, THE ADMINISTRATOR SHALL PRIORITIZE THE FOLLOWING
3 INVESTMENT OBJECTIVES:

4 (a) PRESERVING THE PRINCIPAL OF THE FUND;

5 (b) PROVIDING SUBSTANTIAL BENEFIT TO COLORADANS THROUGH
6 COMMUNITY INVESTING;

7 (c) ACHIEVING REASONABLE AND CONSISTENT FUND GROWTH
8 OVER TIME;

9 (d) SETTING APPROPRIATE RISK AND RETURN THRESHOLDS; AND

10 (e) BALANCING THE RELATIVE MERITS OF FUND GROWTH,
11 INVESTMENT RETURNS, AND INCREASING THE NET PRESENT VALUE OF
12 INVESTMENTS IN COLORADO COMMUNITIES THROUGH COMMUNITY
13 INVESTING.

14 **SECTION 7.** In Colorado Revised Statutes, **add** 38-13-801.7 as
15 follows:

16 **38-13-801.7. Colorado investment portfolio - legislative**
17 **declaration - creation - required investments - definitions.**

18 **(1) Definitions.** AS USED IN THIS SECTION, UNLESS THE CONTEXT
19 OTHERWISE REQUIRES:

20 (a) "FUND" MEANS THE UNCLAIMED PROPERTY TRUST FUND
21 CREATED IN SECTION 38-13-801.

22 (b) "PORTFOLIO" MEANS THE COLORADO INVESTMENT PORTFOLIO
23 CREATED IN THIS SECTION.

24 **(2) Portfolio created.** THE COLORADO INVESTMENT PORTFOLIO IS
25 CREATED WITHIN THE FUND. BY JULY 1, 2027, THE ADMINISTRATOR SHALL
26 INVEST AT LEAST FIVE PERCENT OF THE MONEY IN THE FUND INTO THE
27 PORTFOLIO. BY JULY 1, 2032, THE ADMINISTRATOR SHALL INVEST AT

1 LEAST TWENTY PERCENT OF THE MONEY IN THE FUND INTO THE PORTFOLIO.

2 (3) **Allowable investments.** MONEY IN THE PORTFOLIO MUST BE
3 INVESTED IN:

4 (a) THE COMMUNITY INVESTMENT PORTFOLIO CREATED IN SECTION
5 22-41-104.7;

6 (b) BONDS ISSUED BY COLORADO SCHOOL DISTRICTS, CHARTER
7 SCHOOLS, LOCAL GOVERNMENTS, SPECIAL DISTRICTS, STATE ENTERPRISES,
8 INDIAN TRIBES, OR SPECIAL PURPOSE AUTHORITIES;

9 (c) CERTIFICATES OF PARTICIPATION ISSUED BY COLORADO
10 SCHOOL DISTRICTS, CHARTER SCHOOLS, LOCAL GOVERNMENTS, SPECIAL
11 DISTRICTS, STATE ENTERPRISES, INDIAN TRIBES, OR SPECIAL PURPOSE
12 AUTHORITIES;

13 (d) MORTGAGE PASS-THROUGH SECURITIES AND COLLATERALIZED
14 MORTGAGE OBLIGATIONS SECURED BY COLORADO RESIDENTIAL REAL
15 ESTATE THAT IS OWNED BY COLORADANS;

16 (e) BONDS ISSUED BY THE MIDDLE INCOME HOUSING AUTHORITY;

17 (f) BONDS ISSUED BY THE COLORADO HOUSING AND FINANCE
18 AUTHORITY;

19 (g) LOANS TO COMMUNITY DEVELOPMENT FINANCIAL
20 INSTITUTIONS THAT FUND:

21 (I) THE CONSTRUCTION OF HOUSING DEVELOPMENTS IN
22 COLORADO; OR

23 (II) MORTGAGES SECURED BY COLORADO RESIDENTIAL REAL
24 ESTATE THAT IS OWNED BY COLORADANS;

25 (h) BONDS ISSUED BY BUSINESSES HEADQUARTERED IN
26 COLORADO;

27 (i) ASSET-BACKED SECURITIES SUPPORTED BY LOANS TO SMALL

1 BUSINESSES IN COLORADO;

2 (j) THE VENTURE CAPITAL AUTHORITY WITHIN THE OFFICE OF
3 ECONOMIC DEVELOPMENT AND INTERNATIONAL TRADE; OR

4 (k) OTHER VENTURE CAPITAL, PRIVATE EQUITY, OR PUBLIC EQUITY
5 FUNDS THAT SUPPORT COMMUNITIES IN COLORADO.

6 (4) THE ADMINISTRATOR SHALL INVEST NO MORE THAN TEN
7 PERCENT OF THE MONEY IN THE PORTFOLIO IN BONDS ISSUED BY
8 BUSINESSES HEADQUARTERED IN COLORADO DESCRIBED IN SUBSECTION
9 (3)(h) OF THIS SECTION.

10 **SECTION 8.** In Colorado Revised Statutes, 39-26-123, **amend**
11 (3)(b)(II)(D); and **add** (3)(b)(II)(D.5) and (3)(b)(II)(D.7) as follows:

12 **39-26-123. Receipts - disposition - transfers of general fund**
13 **surplus - sales tax holding fund - creation - definitions.** (3) (b) (II) The
14 amount credited to the housing development grant fund created in section
15 24-32-721 (1) under subsection (3)(b)(I) of this section is reduced by the
16 following amounts:

17 (D) Thirty-five million nine hundred eighty-five thousand three
18 hundred thirty-five dollars for the state fiscal year 2024-25 through state
19 fiscal year ~~2031-32~~; and 2025-26;

20 (D.5) FIFTY MILLION NINE HUNDRED EIGHTY-FIVE THOUSAND
21 THREE HUNDRED THIRTY-FIVE DOLLARS FOR STATE FISCAL YEAR 2026-27;

22 (D.7) THIRTY-FIVE MILLION NINE HUNDRED EIGHTY-FIVE
23 THOUSAND THREE HUNDRED THIRTY-FIVE DOLLARS FOR STATE FISCAL
24 YEAR 2027-28 THROUGH STATE FISCAL YEAR 2031-32; AND

25 **SECTION 9. Safety clause.** The general assembly finds,
26 determines, and declares that this act is necessary for the immediate
27 preservation of the public peace, health, or safety or for appropriations for

- 1 the support and maintenance of the departments of the state and state
- 2 institutions.