

**Second Regular Session
Seventy-third General Assembly
STATE OF COLORADO**

INTRODUCED

LLS NO. 22-0581.01 Bob Lackner x4350

HOUSE BILL 22-1363

HOUSE SPONSORSHIP

Weissman and Boesenecker,

SENATE SPONSORSHIP

(None),

House Committees

Transportation & Local Government

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING MEASURES TO INCREASE THE ACCOUNTABILITY OF**
102 **SPECIAL DISTRICTS TO TAXPAYERS.**

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>.)

The bill makes the following modifications to statutory provisions governing special districts to increase the accountability of special districts to taxpayers:

- If a separate legal entity established by contract includes one or more special districts, requires the separate legal entity to file with the division of local government in the

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

department of local affairs certain financial information pertaining to the special district. In such circumstances, the directors of the special district are also required to comply with oath and bond requirements for directors of special districts.

- Expands existing requirements on the information a metropolitan district must include on its public website to include information that is required by the service plan of the metropolitan district, by an ordinance or resolution adopted by the board of commissioners of a county, or by the governing body of a municipality, as applicable;
- Expands the applicability of statutory provisions governing the approval and oversight of special districts to specify that these provisions do not apply when a special district that was originally approved at any time thereafter becomes wholly included within the boundaries of one or more municipalities;
- Specifies information to be included in the financial plan that a new district submits along with its service plan;
- Removes an existing cap on the amount of the fee that a special district must pay the board of county commissioners for processing review of a service plan;
- For any proposed special district that has any property within its boundaries that is zoned or valued for assessment as residential, enumerates certain acts that are disallowed for any service plan required to be filed by the district. A local government acting on a service plan is prohibited from approving a service plan for a special district that permits any of these same acts.
- Clarifies requirements affecting the oversight by a municipality that is wholly contained within the boundaries of the municipality, especially in connection with an annexing municipality;
- Expands the circumstances under which material modifications of a special district's service plan are approved by the county or municipality, as applicable, to include the situation when the special district after initial approval of the plan becomes wholly included within the boundaries of a newly annexed municipality;
- Specifies that approval is also required for any action or omission of a special district that is materially inconsistent with the district's service plan. Expands the list of examples of acts or omissions necessitating approval.
- Authorizes a board of county commissioners for a district that lies entirely within the territorial boundaries of a

county or the governing body of a municipality for a district that lies entirely within the boundaries of a municipality to impose a fee to offset the costs incurred by the county or municipality, as applicable, in reviewing the operations of the district and the district's compliance with its service plan. The fee is not payable more than once annually.

- Prohibits a member of the board of a district that approved the issuance of any debt while the member was serving on the board from thereafter acquiring any interest in the debt individually or on behalf of any organization or entity for which the board member is engaged as an employee, counsel, consultant, representative, or agent;
- Requires all meetings of a board of a special district that are held solely at physical locations to be held at physical locations that are within the boundaries of the district or that are within the boundaries of any county in which the district is located, in whole or in part, without exceptions or the possibility of a waiver;
- Clarifies that the powers of the board of directors of any metropolitan district are limited by the district's service plan;
- On and after September 1, 2022, prohibits a metropolitan district from entering into any new contract or agreement as of that date to furnish covenant enforcement and design review services. On and after September 1, 2022, the bill prohibits a metropolitan district from renewing any existing agreement entered into prior to that date to furnish covenant enforcement and design review services. Upon the expiration of the agreement, the master association or similar entity contracting with the metropolitan district is required to assume covenant enforcement and design review services.
- Under current law, under specified circumstances, the board of county commissioners or the governing body of the municipality that has adopted a resolution of approval of the special district may require the board of the special district to file an application for a finding of reasonable diligence every 5 years. The bill makes this an annual requirement.
- Makes proof of the commission of such act by a preponderance of the evidence proof that the director has breached the director's fiduciary duty and the public trust.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds, determines, and declares that:

4 (a) According to official data compiled by the department of local
5 affairs, there are more than two thousand one hundred metropolitan
6 districts statewide;

7 (b) Metropolitan districts, a type of local government created
8 pursuant to title 32, Colorado Revised Statutes, have increased
9 dramatically in number since 2000;

10 (c) According to a 2006 performance audit concerning the
11 oversight of special districts prepared by the office of the state auditor,
12 the number of metropolitan districts in the Denver metropolitan area more
13 than doubled between 2000 and 2004, from one hundred ninety-one to
14 three hundred ninety, and have grown rapidly since then;

15 (d) As local governments, metropolitan districts are allowed to
16 levy taxes and authorize multi-year indebtedness;

17 (e) According to the 2006 audit, two hundred sixty metropolitan
18 districts in the seven-county metropolitan area "reported about two
19 hundred fifty-five billion dollars in authorized but unissued debt as of
20 2004";

21 (f) As of 2015, metropolitan districts had issued nineteen billion
22 dollars in debt with one trillion two hundred billion dollars in authorized
23 but unissued debt;

24 (g) Metropolitan district taxes are part of the total cost of
25 ownership of a home that is located in a metropolitan district and thus
26 impact the affordability of home ownership in a metropolitan district;

27 (h) Boards of directors of other types of local governments

1 organized under title 32, Colorado Revised Statutes, such as library
2 districts or fire protection districts, are typically controlled by the
3 taxpaying residents of those districts;

4 (i) However, boards of directors of metropolitan districts are
5 sometimes controlled by individuals who are not taxpaying residents of
6 the district but instead reside elsewhere and are associated with the
7 developers of real property in the district;

8 (j) Early in the existence of metropolitan districts, before most
9 homes are built and occupied by residents, many consequential financial
10 decisions about the issuance of debt and the paying of tax revenues are
11 made by nonresident-controlled boards; and

12 (k) Some metropolitan districts are created as part of complex
13 agreements involving other metropolitan districts organized under title
14 32, Colorado Revised Statutes, or intergovernmental relationships under
15 title 29, Colorado Revised Statutes, potentially making it more difficult
16 for taxpaying residents to understand how financial decisions that impact
17 them are made.

18 (2) The general assembly intends to:

19 (a) Protect taxpaying residents of metropolitan districts by placing
20 reasonable limits on the creation and duration of long-term indebtedness;

21 (b) Continue to allow metropolitan districts to be used as a method
22 of financing residential development across the state while discouraging
23 certain complex intergovernmental agreements that divest taxpaying
24 residents of meaningful control over their communities; and

25 (c) Empower municipal and county governments, at their
26 discretion, to take a more active role in the creation and oversight of
27 metropolitan districts for the benefit of present and future taxpaying

1 residents of those districts.

2 **SECTION 2.** In Colorado Revised Statutes, 29-1-203.5, **add**
3 (2)(d), (2)(e), and (2)(f) as follows:

4 **29-1-203.5. Separate legal entity established under section**
5 **29-1-203 - legal status - authority to exercise special district powers**
6 **- additional financing powers.** (2) (d) IF A SEPARATE LEGAL ENTITY
7 ESTABLISHED BY CONTRACT PURSUANT TO SECTION 29-1-203 INCLUDES
8 ONE OR MORE SPECIAL DISTRICTS, THE SEPARATE LEGAL ENTITY SHALL
9 FILE WITH THE DIVISION OF LOCAL GOVERNMENT IN THE DEPARTMENT OF
10 LOCAL AFFAIRS THE INFORMATION REQUIRED BY SECTION 32-1-104 (1)
11 AND (2) IN ACCORDANCE WITH THE TIMELINES SPECIFIED IN SAID SECTIONS.

12 (e) IF A SEPARATE LEGAL ENTITY ESTABLISHED BY CONTRACT
13 PURSUANT TO SECTION 29-1-203 INCLUDES ONE OR MORE SPECIAL
14 DISTRICTS, THE DIRECTORS OF THE SEPARATE LEGAL ENTITY SHALL
15 COMPLY WITH SECTION 32-1-901.

16 (f) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION,
17 NO SEPARATE LEGAL ENTITY MAY BE ESTABLISHED THAT IS COMPRISED
18 SOLELY OF METROPOLITAN DISTRICTS WHOSE BOARDS OF DIRECTORS ARE
19 MADE UP OF A MAJORITY OF DIRECTORS WHO ARE QUALIFIED AS ELECTORS
20 IN ACCORDANCE WITH SECTION 32-1-808 (2).

21 **SECTION 3.** In Colorado Revised Statutes, 32-1-104.5, **amend**
22 (3)(a)(IX) as follows:

23 **32-1-104.5. Audit and budget requirements - election results**
24 **- description on state websites.** (3) (a) Except as provided in subsection
25 (3)(d) of this section, within one year of the date an order and decree has
26 been issued by a district court for a newly organized metropolitan district,
27 or by January 1, 2023, for any metropolitan district that has received an

1 order and decree from the district court in connection with its
2 organization after January 1, 2000, but before January 1, 2022, the
3 metropolitan district shall establish, maintain, and, unless otherwise
4 specified, annually update an official website in a form that is readily
5 accessible to the public that contains the following information:

6 (IX) Any other information deemed appropriate by the board of
7 directors of the metropolitan district, OR THAT IS REQUIRED BY THE
8 SERVICE PLAN OF THE METROPOLITAN DISTRICT, BY AN ORDINANCE OR
9 RESOLUTION ADOPTED BY THE BOARD OF COMMISSIONERS OF A COUNTY,
10 OR BY THE GOVERNING BODY OF A MUNICIPALITY IF THE METROPOLITAN
11 DISTRICT IS PARTIALLY OR WHOLLY CONTAINED WITHIN THE BOUNDARIES
12 OF A MUNICIPALITY.

13 **SECTION 4.** In Colorado Revised Statutes, **amend** 32-1-201 as
14 follows:

15 **32-1-201. Applicability.** This part 2 ~~shall be~~ IS applicable to any
16 petition for the organization of any proposed special district filed in any
17 district court of competent jurisdiction, ~~except where~~ WHEN a petition for
18 the organization of a special district confined exclusively within the
19 boundaries of any existing municipality has been approved by a resolution
20 of the governing body of the municipality OR WHEN A SPECIAL DISTRICT
21 THAT WAS ORIGINALLY APPROVED PURSUANT TO THIS PART 2 AT ANY TIME
22 AFTER SUCH APPROVAL BECOMES WHOLLY INCLUDED WITHIN THE
23 BOUNDARIES OF ONE OR MORE MUNICIPALITIES.

24 **SECTION 5.** In Colorado Revised Statutes, 32-1-202, **amend**
25 (2)(b) and (3) as follows:

26 **32-1-202. Filing of service plan required - report of filing -**
27 **contents - fee.** (2) The service plan shall contain the following:

1 (b) A financial plan showing how the proposed services are to be
2 financed, including the proposed operating revenue derived from property
3 taxes for the first budget year of the district, which shall not be materially
4 exceeded except as authorized pursuant to section 32-1-207 or 29-1-302.
5 ~~C.R.S.~~ All proposed indebtedness for the district shall be displayed
6 together with a schedule indicating the year or years in which the debt is
7 scheduled to be issued. The board of directors of the district shall notify
8 the board of county commissioners or the governing body of the
9 municipality of any alteration or revision of the proposed schedule of debt
10 issuance set forth in the financial plan. THE FINANCIAL PLAN MUST
11 SPECIFICALLY INCLUDE THE FOLLOWING INFORMATION:

12 (I) A DESCRIPTION OF THE MANNER IN WHICH THE PUBLIC
13 IMPROVEMENTS WILL BE FINANCED WITH A SCHEDULE OF DEBT AND
14 OPERATING FINANCIAL PROJECTIONS, INCLUDING DEBT ISSUANCE AND
15 SERVICE SCHEDULES, THE ESTABLISHMENT OF MAXIMUM DEBT CAPACITY
16 OF THE DISTRICT BASED ON STATED ASSUMPTIONS OF A PROJECTED
17 INTEREST RATE, ASSESSED VALUATION OF PROPERTY TO BE INCLUDED IN
18 THE DISTRICT, AND ABSORPTION OF THE ASSESSED VALUATION USING
19 MARKET-BASED, MARKET RATE COMPARABLE VALUATION AND
20 ABSORPTION DATA WITH AN ANNUAL INFLATION RATE NOT TO EXCEED THE
21 LESSER OF THREE PERCENT OR THE CONSUMER PRICE INDEX FOR THE
22 DENVER-AURORA-LAKEWOOD STATISTICAL AREA;

23 (II) A DESCRIPTION OF THE PUBLIC IMPROVEMENTS THAT WILL BE
24 BUILT, ACQUIRED, OR FINANCED BY THE DISTRICT, INCLUDING ONE OR
25 MORE MAPS AND PRELIMINARY CONSTRUCTION DRAWINGS OF THE
26 IMPROVEMENTS, A WRITTEN NARRATIVE AND DESCRIPTION OF THE
27 IMPROVEMENTS, AND A DESCRIPTION OF THE DISTRICT'S ROLE WITH

1 REGARD TO THE IMPROVEMENTS;

2 (III) A DESCRIPTION OF THE MATERIAL TERMS OF AND
3 JUSTIFICATION FOR ANY INTERGOVERNMENTAL AGREEMENT OR
4 REIMBURSEMENT AGREEMENT THAT IS, AT THE TIME OF THE FORMATION
5 OF THE DISTRICT, REQUIRED OR LIKELY TO BE REQUIRED TO FULFILL THE
6 PURPOSES OF THE DISTRICT;

7 (IV) A DESCRIPTION OF THE MATERIAL TERMS OF AND
8 JUSTIFICATION FOR ANY EXTRATERRITORIAL SERVICE AGREEMENTS
9 KNOWN AT THE TIME OF THE FORMATION OF THE DISTRICT;

10 (V) A DESCRIPTION OF THE RELATIONSHIP, INCLUDING WITHOUT
11 LIMITATION ANY FINANCIAL OBLIGATIONS BETWEEN THE ORGANIZERS OF
12 THE DISTRICT AND THE OWNER OF ANY PROPERTY THAT LIES WITHIN THE
13 DISTRICTS'S BOUNDARIES; AND

14 (VI) A SPECIFIC IDENTIFICATION OF ALL FEES THAT THE DISTRICT
15 MAY IMPOSE.

16 (3) Each service plan filed ~~shall~~ MUST be accompanied by a
17 processing fee set by the board of county commissioners, ~~not to exceed~~
18 ~~five hundred dollars~~, which ~~shall~~ MUST be deposited into the county
19 general fund; except that the board of county commissioners may waive
20 such fee. ~~Such~~ THE processing fee ~~shall be~~ IS utilized to reimburse the
21 county for reasonable direct costs related to processing such service plan
22 and the hearing prescribed by section 32-1-204, including the costs of
23 notice, publication, and recording of testimony. If the board of county
24 commissioners determines that special review of the service plan is
25 required, the board may impose an additional fee to reimburse the county
26 for reasonable direct costs related to such special review. If the board
27 imposes such an additional fee, it shall not be less than five hundred

1 dollars, and it shall not exceed one one-hundredth of one percent of the
2 total amount of the debt to be issued by the district as indicated in the
3 service plan or the amended service plan or ten thousand dollars,
4 whichever is less. The board may waive all or any portion of the
5 additional fee.

6 **SECTION 6.** In Colorado Revised Statutes, **add** 32-1-203.5 as
7 follows:

8 **32-1-203.5. Special district - residential housing - additional**
9 **limitations on and approval of service plan.** (1) NOTWITHSTANDING
10 ANY OTHER PROVISION OF LAW, FOR ANY PROPOSED SPECIAL DISTRICT
11 THAT HAS ANY PROPERTY WITHIN ITS BOUNDARIES THAT IS ZONED OR
12 VALUED FOR ASSESSMENT AS RESIDENTIAL, NONE OF THE FOLLOWING ACTS
13 ARE ALLOWED UNDER ANY SERVICE PLAN A SPECIAL DISTRICT IS REQUIRED
14 TO FILE UNDER SECTION 32-1-204. A LOCAL GOVERNMENT ACTING ON A
15 SERVICE PLAN PURSUANT TO SECTION 32-1-203 SHALL NOT APPROVE A
16 SERVICE PLAN FOR A SPECIAL DISTRICT THAT PERMITS ANY OF THE
17 FOLLOWING ACTS:

18 (a) THE PURCHASE OF DISTRICT DEBT BY ANY ENTITY WITH
19 RESPECT TO WHICH ANY DIRECTOR OF THE DISTRICT HAS A CONFLICT OF
20 INTEREST NECESSITATING DISCLOSURE UNDER SECTION 24-18-109; OR

21 (b) THE ISSUANCE OF ANY FINANCIAL INSTRUMENT THAT HAS A
22 REPAYMENT TERM EXCEEDING THIRTY YEARS OR THE AUTHORIZATION OF
23 AN AD VALOREM PROPERTY TAX FOR A TERM EXCEEDING THIRTY YEARS.

24 **SECTION 7.** In Colorado Revised Statutes, 32-1-204.5, **amend**
25 (1) introductory portion as follows:

26 **32-1-204.5. Approval by municipality.** (1) No special district
27 shall be organized if its boundaries are wholly contained within the

1 boundaries of a municipality or municipalities, except upon adoption of
2 a resolution of approval by the governing body of each municipality. The
3 information required and criteria applicable to such approval ~~shall be~~ IS
4 the information required and criteria set forth in sections 32-1-202 (2) and
5 32-1-203 (2) AND THE INFORMATION REQUIRED AND CRITERIA
6 ESTABLISHED BY THE GOVERNING BODY. With reference to the review of
7 any service plan, the governing body of each municipality has the
8 following authority:

9 **SECTION 8.** In Colorado Revised Statutes, **amend** 32-1-204.7
10 as follows:

11 **32-1-204.7. Approval by an annexing municipality.** (1) If a
12 special district that was originally approved by a board of county
13 commissioners becomes wholly contained within the boundaries of a
14 municipality or municipalities by annexation or boundary adjustment, the
15 governing body of the special district may petition the governing body of
16 any such municipality to accept a designation as the approving authority
17 for the special district EXCEPT AS PROVIDED IN SECTION 32-1-207 (2)(a).
18 The municipality may accept the designation through the adoption of a
19 resolution of approval by the governing body of the municipality.

20 (2) Upon the adoption of the resolution by the governing body of
21 any municipality pursuant to subsection (1) of this section, all powers and
22 authorities vested in the board of county commissioners pursuant to this
23 ~~article shall be~~ ARTICLE 1 ARE transferred to the governing body of the
24 municipality, which ~~shall constitute~~ CONSTITUTES the approving authority
25 for the special district for all purposes under this ~~article~~ ARTICLE 1 IN
26 ADDITION TO ANY LAWS PROMULGATED BY THE GOVERNING BODY
27 PERTAINING TO THE SUBJECT MATTER OF THIS PART 2.

1 **SECTION 9.** In Colorado Revised Statutes, 32-1-207, **amend**
2 (2)(a); and **add** (5) as follows:

3 **32-1-207. Compliance - modification - enforcement.**

4 (2) (a) (I) After the organization of a special district pursuant to ~~the~~
5 ~~provisions of this part 2 and part 3 of this article~~ ARTICLE 1, material
6 modifications of the service plan as originally approved may be made by
7 the governing body of such special district only by petition to and
8 approval by the board of county commissioners or the governing body of
9 the municipality that has adopted a resolution of approval of the special
10 district pursuant to section 32-1-204.5 or 32-1-204.7 ~~in substantially the~~
11 ~~same manner as is provided for the approval of an original service plan;~~
12 ~~but the processing fee for such modification procedure shall not exceed~~
13 ~~two hundred fifty dollars~~ OR WHEN THE SPECIAL DISTRICT, AT ANY TIME
14 AFTER INITIAL APPROVAL OF THE PLAN, BECOMES WHOLLY INCLUDED
15 WITHIN THE BOUNDARIES OF A NEWLY ANNEXED MUNICIPALITY. Such
16 approval of modifications ~~shall be~~ IS required only with regard to changes
17 of a basic or essential nature AND FOR ANY ACTION OR OMISSION OF A
18 SPECIAL DISTRICT THAT IS MATERIALLY INCONSISTENT WITH THE
19 DISTRICT'S SERVICE PLAN, including but not limited to the following:

20 (A) Any addition to the types of services provided by the special
21 district;

22 (B) A decrease in the level of services OR a decrease in the
23 financial ability of the district to discharge the existing or proposed
24 indebtedness; ~~or~~

25 (C) A decrease in the existing or projected need for organized
26 service in the area; ~~Approval for modification shall not be required for~~
27 ~~changes necessary only for the execution of the original service plan or~~

1 ~~for changes in the boundary of the special district, except that the~~
2 ~~inclusion of property that is located in a county or municipality with no~~
3 ~~other territory within the special district may constitute a material~~
4 ~~modification of the service plan or the statement of purposes of the~~
5 ~~special district as set forth in section 32-1-208.~~

6 (D) ACTIONS OR FAILURES TO ACT THAT CREATE MATERIALLY
7 GREATER RISKS OR BURDENS TO THE TAXPAYER OF THE DISTRICT THAN
8 WERE CONTEMPLATED BY THE SERVICE PLAN OR THAT WOULD BE
9 CUSTOMARY IN THE OPERATIONS OF GOVERNMENT;

10 (E) AN ALTERATION OR REVISION OF THE PROPOSED SCHEDULE OF
11 DEBT ISSUANCE SPECIFIED IN THE FINANCIAL PLAN;

12 (F) THE EXCLUSION OF ANY REAL PROPERTY WITHIN THE DISTRICT
13 IF SUCH PROPERTY WAS INCLUDED IN THE DISTRICT'S FINANCIAL PLAN AND
14 THE EXCLUSION OF SUCH PROPERTY WILL MATERIALLY IMPACT THE
15 DISTRICT'S ABILITY TO PERFORM OR PROVIDE THE SERVICES OR PUBLIC
16 IMPROVEMENTS SPECIFIED IN THE SERVICE PLAN OR THE DISTRICT'S
17 ABILITY TO MEET ITS ANNUAL DEBT SERVICE OBLIGATIONS;

18 (G) ENTRY INTO ANY NEW INTERGOVERNMENTAL AGREEMENT OR
19 REIMBURSEMENT AGREEMENT THAT WAS NOT DESCRIBED PURSUANT TO
20 SECTION 32-1-202 (2)(b)(III) AND APPROVED PURSUANT TO SECTION
21 32-1-203; OR

22 (H) ENTRY INTO ANY NEW EXTRATERRITORIAL SERVICE
23 AGREEMENT OR REIMBURSEMENT AGREEMENT THAT WAS NOT DESCRIBED
24 PURSUANT TO SECTION 32-1-202 (2)(b)(IV) AND APPROVED PURSUANT TO
25 SECTION 32-1-203.

26 (II) In the event that a special district changes its boundaries to
27 include territory located in a county or municipality with no other territory

1 within the special district, the special district shall notify the board of
2 county commissioners of such county or the governing body of the
3 municipality of such inclusion. The board of county commissioners or the
4 governing body of the municipality may review such inclusion and, if it
5 determines that the inclusion constitutes a material modification, may
6 require the governing body of such special district to file a modification
7 of its service plan in accordance with the provisions of this subsection (2).

8 (5) A BOARD OF COUNTY COMMISSIONERS, IN THE CASE OF A
9 DISTRICT THAT LIES ENTIRELY WITHIN THE TERRITORIAL BOUNDARIES OF
10 A COUNTY, OR THE GOVERNING BODY OF A MUNICIPALITY, IN THE CASE OF
11 A DISTRICT THAT LIES ENTIRELY WITHIN THE BOUNDARIES OF A
12 MUNICIPALITY, MAY IMPOSE A FEE TO OFFSET THE COSTS INCURRED BY THE
13 COUNTY OR MUNICIPALITY, AS APPLICABLE, IN REVIEWING THE
14 OPERATIONS OF THE DISTRICT AND THE DISTRICT'S COMPLIANCE WITH ITS
15 SERVICE PLAN. A DISTRICT SHALL PAY THE FEE IN THE AMOUNT AND AT
16 THE FREQUENCY IMPOSED BY THE COUNTY OR MUNICIPALITY; EXCEPT
17 THAT, ANY SUCH FEE IMPOSED PURSUANT TO THIS SUBSECTION (5) MUST
18 NOT BE PAYABLE MORE THAN ONCE ANNUALLY.

19 **SECTION 10.** In Colorado Revised Statutes, 32-1-902, **add** (5)
20 as follows:

21 **32-1-902. Organization of board - compensation - disclosure**
22 **- prohibited transactions.** (5) NOTWITHSTANDING ANY OTHER
23 PROVISION OF LAW, A MEMBER OF THE BOARD OF A DISTRICT THAT
24 APPROVED THE ISSUANCE OF ANY DEBT WHILE THE MEMBER WAS SERVING
25 ON THE BOARD SHALL NOT THEREAFTER ACQUIRE ANY INTEREST IN THE
26 DEBT INDIVIDUALLY OR ON BEHALF OF ANY ORGANIZATION OR ENTITY FOR
27 WHICH THE BOARD MEMBER IS ENGAGED AS AN EMPLOYEE, COUNSEL,

1 CONSULTANT, REPRESENTATIVE, OR AGENT.

2 **SECTION 11.** In Colorado Revised Statutes, 32-1-903, **amend**
3 (1.5) as follows:

4 **32-1-903. Meetings - definitions.** (1.5) All meetings of the board
5 that are held solely at physical locations must be held at physical locations
6 that are within the boundaries of the district or that are within the
7 boundaries of any county in which the district is located, in whole or in
8 part. ~~or in any county so long as the physical location does not exceed~~
9 ~~twenty miles from the district boundaries. The provisions of this~~
10 ~~subsection (1.5) governing the physical location of meetings may be~~
11 ~~waived only if the following criteria are met:~~

12 ~~(a) The proposed change of the physical location of a meeting of~~
13 ~~the board appears on the agenda of a meeting of the board; and~~

14 ~~(b) A resolution is adopted by the board stating the reason for~~
15 ~~which meetings of the board are to be held in a physical location other~~
16 ~~than under the provisions of this subsection (1.5) and further stating the~~
17 ~~date, time, and physical location of such meeting.~~

18 **SECTION 12.** In Colorado Revised Statutes, 32-1-1004, **amend**
19 (1) introductory portion; and **add** (8)(d) as follows:

20 **32-1-1004. Metropolitan districts - additional powers and**
21 **duties.** (1) In addition to the powers specified in section 32-1-1001, the
22 board of any metropolitan district has the following powers for and on
23 behalf of such district EXCEPT AS OTHERWISE LIMITED BY THE DISTRICT'S
24 SERVICE PLAN:

25 (8) (d) NOTWITHSTANDING ANY OTHER PROVISION OF LAW:

26 (I) ON AND AFTER SEPTEMBER 1, 2022, A METROPOLITAN DISTRICT
27 SHALL NOT ENTER INTO ANY NEW CONTRACT OR AGREEMENT TO FURNISH

1 COVENANT ENFORCEMENT AND DESIGN REVIEW SERVICES PURSUANT TO
2 SUBSECTION (8)(a) OF THIS SECTION; AND

3 (II) ON AND AFTER SEPTEMBER 1, 2022, A METROPOLITAN
4 DISTRICT SHALL NOT RENEW ANY EXISTING AGREEMENT ENTERED INTO
5 PRIOR TO THAT DATE PURSUANT TO SUBSECTION (8)(a) OF THIS SECTION TO
6 FURNISH COVENANT ENFORCEMENT AND DESIGN REVIEW SERVICES. UPON
7 THE EXPIRATION OF THE AGREEMENT, THE MASTER ASSOCIATION OR
8 SIMILAR ENTITY CONTRACTING WITH THE METROPOLITAN DISTRICT SHALL
9 ASSUME COVENANT ENFORCEMENT AND DESIGN REVIEW SERVICES.

10 **SECTION 13.** In Colorado Revised Statutes, 32-1-1101.5,
11 **amend** (1.5) as follows:

12 **32-1-1101.5. Special district debt - annual findings of**
13 **reasonable diligence.** (1.5) In ~~every fifth calendar~~ ANY year after the
14 calendar year in which a special district's ballot issue to incur general
15 obligation indebtedness was approved by its electors, the board of county
16 commissioners or the governing body of the municipality that has adopted
17 a resolution of approval of the special district pursuant to section
18 32-1-204.5 or 32-1-204.7 may require the board of such special district
19 to file an application for a ~~quinquennial~~ finding of reasonable diligence.
20 If the board of county commissioners or the governing body of such
21 municipality requires such filing, it shall notify the special district in
22 writing to file an application within sixty days after receipt of the notice.
23 The application shall set forth the amount of the special district's
24 authorized and unissued general obligation debt, any current or
25 anticipated plan to issue such debt, a copy of the district's last audit or
26 application for exemption from audit, and any other information required
27 by the board of county commissioners or the governing body of such

1 municipality relevant to making the determinations under subsection (2)
2 of this section. If required by the board of county commissioners or the
3 governing body of such municipality, subsequent applications shall be
4 filed within sixty days after receipt of such notice but no more frequently
5 than every ~~five years~~ YEAR after the prior notice until all of the general
6 obligation debt that was authorized by the election has been issued or
7 abandoned. If a special district is wholly or partially located in a
8 municipality that has not adopted a resolution of approval of such special
9 district pursuant to section 32-1-204.5 or 32-1-204.7, the board of the
10 special district shall file a copy of any such application with the
11 governing body of such municipality, and such municipality may submit
12 comments thereon prior to the determination made under subsection (2)
13 of this section.

14 **SECTION 14.** In Colorado Revised Statutes, 24-18-109, **add**
15 (2.5) as follows:

16 **24-18-109. Rules of conduct for local government officials and**
17 **employees.** (2.5) PROOF OF THE COMMISSION OF AN ACT PROSCRIBED BY
18 SECTION 32-1-902 (5) BY A PREPONDERANCE OF THE EVIDENCE IS PROOF
19 THAT THE ACTOR HAS BREACHED THE ACTOR'S FIDUCIARY DUTY AND THE
20 PUBLIC TRUST.

21 **SECTION 15. Act subject to petition - effective date.** This act
22 takes effect at 12:01 a.m. on the day following the expiration of the
23 ninety-day period after final adjournment of the general assembly; except
24 that, if a referendum petition is filed pursuant to section 1 (3) of article V
25 of the state constitution against this act or an item, section, or part of this
26 act within such period, then the act, item, section, or part will not take
27 effect unless approved by the people at the general election to be held in

- 1 November 2022 and, in such case, will take effect on the date of the
- 2 official declaration of the vote thereon by the governor.