

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

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 21-0287.01 Jason Gelender x4330

HOUSE BILL 21-1008

HOUSE SPONSORSHIP

Arndt and Catlin,

SENATE SPONSORSHIP

Cooke and Hansen,

House Committees

Agriculture, Livestock, & Water
Finance

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING INCREASED OPTIONS FOR FINANCING FOREST HEALTH**
102 **PROJECTS, AND, IN CONNECTION THEREWITH, FINANCING**
103 **WILDFIRE MITIGATION TREATMENTS.**

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 provides additional options for financing forest health projects by authorizing:

- A separate legal entity created by a combination of local governments as authorized by current law to establish special improvement districts within the boundaries of the

*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

HOUSE
Amended 2nd Reading
March 9, 2021

combination and levy special assessments on property specially benefited by improvements, functions, services or facilities, including forest health projects, that the separate legal entity is authorized to provide;

- Counties, municipalities, special districts, water conservancy districts, the Colorado river water conservation district, and the southwestern water conservation district to conduct or participate in and finance forest health projects; and
- Authorizing a forest improvement district to use its sales tax revenue for forest health projects.

The bill also postpones the scheduled repeal of the statute that authorizes the Colorado water resources power and development authority to issue bonds to fund watershed protection projects and forest health projects from July 1, 2023, to July 1, 2033.

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

2 **SECTION 1.** In Colorado Revised Statutes, 29-1-203.5, **amend**
3 (1)(a); and **add** (3)(c) 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.** (1) (a) Any combination of counties,
7 municipalities, special districts, or other political subdivisions of this state
8 that are each authorized to own, operate, finance, or otherwise provide
9 public improvements, ~~for any function, service, or facility~~ FUNCTIONS,
10 SERVICES, OR FACILITIES may enter into a contract under section 29-1-203
11 to establish a separate legal entity to provide any such public
12 improvements, FUNCTIONS, SERVICES, OR FACILITIES. Any separate legal
13 entity established is a political subdivision and public corporation of the
14 state and is separate from the parties to the contract if the contract or an
15 amendment to the contract states that the entity is formed in conformity
16 with the provisions of this section and that the provisions of this section
17 apply to the entity.

1 (3) In addition to any other powers set forth in a contract entered
2 into pursuant to section 29-1-203 that establishes a separate legal entity
3 and specifies that the provisions of this section apply to the entity, such
4 an entity has the following powers:

5 (c) (I) TO ESTABLISH SPECIAL OR LOCAL IMPROVEMENT DISTRICTS
6 WITHIN THE BOUNDARIES OF AND WITH THE CONSENT OF ANY OF THE
7 COUNTIES, MUNICIPALITIES, SPECIAL DISTRICTS, OR OTHER POLITICAL
8 SUBDIVISIONS THAT CONTRACT TO ESTABLISH THE SEPARATE LEGAL
9 ENTITY AND LEVY SPECIAL ASSESSMENTS ON PROPERTY SPECIALLY
10 BENEFITED BY IMPROVEMENTS, FUNCTIONS, SERVICES OR FACILITIES,
11 INCLUDING FOREST HEALTH PROJECTS, AS DEFINED IN SECTION 37-95-103
12 (4.9), THAT THE SEPARATE LEGAL ENTITY IS AUTHORIZED TO PROVIDE.

13 (II) THE NAME OF A SPECIAL OR LOCAL IMPROVEMENT DISTRICT
14 MUST INCLUDE THE NAME OF THE SEPARATE LEGAL ENTITY THAT
15 ESTABLISHED IT.

16 (III) ASSESSMENTS MUST BE LEVIED ON A FRONTAGE, AREA, ZONE,
17 OR OTHER EQUITABLE BASIS AND ONLY:

18 (A) WITH THE WRITTEN CONSENT OF ALL OF THE OWNERS OF THE
19 PROPERTY TO BE ASSESSED; OR

20 (B) UPON APPROVAL OF A MAJORITY OF THE ELIGIBLE ELECTORS
21 OF THE DISTRICT WITHIN THE SPECIAL OR LOCAL IMPROVEMENT DISTRICT
22 VOTING THEREON.

23 (IV) THE METHOD OF CREATING A SPECIAL OR LOCAL
24 IMPROVEMENT DISTRICT, UNDERTAKING THE IMPROVEMENTS, FUNCTIONS,
25 SERVICES, OR FACILITIES SPECIFIED FOR THE IMPROVEMENT DISTRICT,
26 AND LEVYING AND COLLECTING ASSESSMENTS FOR THE COSTS OF SUCH
27 UNDERTAKING SPECIFIED FOR THE IMPROVEMENT DISTRICT SHALL BE,

1 AS PROVIDED IN PART 5 OF ARTICLE 25 OF TITLE 31 FOR A SPECIAL
2 IMPROVEMENT DISTRICT AND AS PROVIDED IN PART 6 OF ARTICLE 20 OF
3 TITLE 30 FOR A LOCAL IMPROVEMENT DISTRICT, SUBJECT TO THE
4 FOLLOWING:

5 (A) THE SEPARATE LEGAL ENTITY SHALL HAVE ALL THE RIGHTS,
6 POWERS, AND DUTIES OF A MUNICIPALITY AND ITS GOVERNING BODY AS
7 SET FORTH IN PARTS 5 AND 11 OF ARTICLE 25 OF TITLE 31 OR OF A COUNTY
8 AND ITS BOARD OF COUNTY COMMISSIONERS AS SET FORTH IN PART 6 OF
9 ARTICLE 20 OF TITLE 30;

10 (B) THE BOARD OF DIRECTORS OF THE SEPARATE LEGAL ENTITY
11 CONSTITUTES THE GOVERNING BODY AND BOARD OF THE IMPROVEMENT
12 DISTRICT;

13 (C) THE BOARD OF DIRECTORS SHALL APPOINT OFFICERS WHO
14 SHALL PERFORM THE DUTIES OF THE OFFICERS AS SET FORTH IN PART 5 OF
15 ARTICLE 25 OF TITLE 31 OR PART 6 OF ARTICLE 20 OF TITLE 30, AS
16 APPLICABLE; AND

17 (D) ALL ACTIONS TAKEN BY THE BOARD OF DIRECTORS PURSUANT
18 TO THE PROVISIONS OF PART 5 OF ARTICLE 25 OF TITLE 31 SHALL BE BY
19 RESOLUTION, NOTWITHSTANDING ANY REFERENCE IN SAID PART 5 TO
20 ACTION BY ORDINANCE.

21 **SECTION 2.** In Colorado Revised Statutes, 30-11-101, **amend** (1)
22 introductory portion; and **add** (1)(l) as follows:

23 **30-11-101. Powers of counties.** (1) Each organized county
24 within the state ~~shall be~~ IS a body corporate and politic and as such ~~shall~~
25 ~~be~~ IS empowered for the following purposes:

26 (l) TO CONDUCT OR PARTICIPATE IN FOREST HEALTH PROJECTS AS
27 DEFINED IN SECTION 37-95-103 (4.9) WITHIN AND OUTSIDE THE

1 BOUNDARIES OF THE COUNTY.

2 **SECTION 3.** In Colorado Revised Statutes, 30-11-104.1, **amend**
3 (1) as follows:

4 **30-11-104.1. Lease-purchase agreements.** (1) In order to
5 provide for financing of a public park, a public trail, a public golf course,
6 or public open space, or a courthouse, jail, or other county building or
7 equipment used, or to be used, for governmental purposes, OR FOR
8 FINANCING OF A FOREST HEALTH PROJECT AS DEFINED IN SECTION
9 37-95-103 (4.9), any county is authorized to enter into lease-purchase
10 agreements.

11 **SECTION 4.** In Colorado Revised Statutes, **amend** 31-15-801 as
12 follows:

13 **31-15-801. Agreements - ordinance - financing.** In order to
14 provide necessary land, buildings, equipment, and other property for
15 governmental or proprietary purposes OR FOR FINANCING OF FOREST
16 HEALTH PROJECTS, AS DEFINED IN SECTION 37-95-103 (4.9), any
17 municipality is authorized to enter into long-term rental or leasehold
18 agreements, but in no event shall this be construed as authorizing the use
19 by any municipality of leasehold agreements to finance residential
20 housing. Such agreements may include an option to purchase and acquire
21 title to such leased or rented property within a period not exceeding the
22 useful life of such property and in no case exceeding thirty years. Each
23 such agreement and the terms thereof shall be concluded by an ordinance
24 duly enacted by the municipality. No such ordinance shall take effect
25 before thirty days after its passage and publication. The governing body
26 of any municipality is authorized to provide for the payment of said
27 rentals from a general levy imposed upon both personal and real property

1 included within the boundaries of the municipality; by imposing rates,
2 tolls, and service charges for the use of such property or any part thereof
3 by others; from any other available municipal income; or from any one or
4 more of the said sources. The obligation to pay such rentals shall not
5 constitute an indebtedness of said municipality within the meaning of the
6 constitutional limitations on contracting of indebtedness by
7 municipalities.

8 **SECTION 5.** In Colorado Revised Statutes, 31-15-901, **recreate**
9 **and reenact, with amendments,** (1)(d) as follows:

10 **31-15-901. Miscellaneous powers.** (1) The governing body of
11 each municipality has the power:

12 (d) TO CONDUCT OR PARTICIPATE IN FOREST HEALTH PROJECTS, AS
13 DEFINED IN SECTION 37-95-103 (4.9), WITHIN AND OUTSIDE THE
14 MUNICIPAL BOUNDARIES THAT BENEFIT MUNICIPAL PROPERTY OR
15 IMPROVEMENTS, INCLUDING WATER COLLECTION AND SUPPLY FACILITIES,
16 OR REDUCE THE RISK OF WILDFIRE WITHIN THE MUNICIPALITY AND
17 WATERSHEDS WITHIN WHICH THE MUNICIPALITY COLLECTS, TRANSPORTS,
18 OR STORES ITS WATER SUPPLY.

19 **SECTION 6.** In Colorado Revised Statutes, 32-1-1001, **add** (3)
20 as follows:

21 **32-1-1001. Common powers - definitions.** (3) THE GOVERNING
22 BODY OF A SPECIAL DISTRICT MAY CONDUCT OR PARTICIPATE IN FOREST
23 HEALTH PROJECTS, AS DEFINED IN SECTION 37-95-103 (4.9), WITHIN AND
24 OUTSIDE THE DISTRICT BOUNDARIES THAT BENEFIT DISTRICT PROPERTY OR
25 IMPROVEMENTS. THE GOVERNING BODY OF ANY SPECIAL DISTRICT THAT
26 PROVIDES FIRE PROTECTION SERVICES MAY ALSO CONDUCT OR
27 PARTICIPATE IN SUCH FOREST HEALTH PROJECTS WITHIN AND OUTSIDE THE

1 DISTRICT BOUNDARIES THAT REDUCE THE RISK OF WILDFIRE WITHIN THE
2 DISTRICT. TO SECURE AND PROTECT AN ADEQUATE SUPPLY OF WATER, THE
3 GOVERNING BODY OF ANY SPECIAL DISTRICT THAT PROVIDES WATER
4 SERVICES MAY ALSO CONDUCT OR PARTICIPATE IN SUCH FOREST HEALTH
5 PROJECTS WITHIN AND OUTSIDE THE DISTRICT BOUNDARIES THAT REDUCE
6 THE RISK OF WILDFIRE WITHIN THE WATERSHEDS WITHIN WHICH THE
7 DISTRICT COLLECTS, TRANSPORTS, OR STORES ITS WATER SUPPLY.

8 **SECTION 7.** In Colorado Revised Statutes, 32-1-1101.7, **amend**
9 (1) as follows:

10 **32-1-1101.7. Establishment of special improvement districts**
11 **within the boundaries of a special district.** (1) A special district may
12 establish a special improvement district within the boundaries of the
13 special district to finance all or part of the costs of any improvements,
14 INCLUDING FOREST HEALTH PROJECTS, AS DEFINED IN SECTION 37-95-103
15 (4.9), that the special district is authorized to finance if the power to levy
16 assessments is authorized in the special district's service plan or statement
17 of purposes or approved in writing by the county or municipality that
18 approved the special district's service plan or accepted the special
19 district's statement of purposes. The name of a special improvement
20 district established on or after August 5, 2015, must include the name of
21 the special district that established the special improvement district.

22 **SECTION 8.** In Colorado Revised Statutes, 32-18-108, **amend**
23 (1)(d) and (1)(e); and **add** (1)(f) as follows:

24 **32-18-108. Use of revenue.** (1) The board may use the revenue
25 received pursuant to section 32-18-106 to:

26 (d) Match state and federal grants for bioheating conversion and
27 infrastructure support for biomass collection and delivery; **and**

1 (e) Assist the state forest service in ensuring that all communities
2 at risk of wildfire within the district have adopted a community wildfire
3 protection plan and are using appropriate planning, education, and
4 outreach tools; AND

5 (f) CONDUCT OR PARTICIPATE IN FOREST HEALTH PROJECTS, AS
6 DEFINED IN SECTION 37-95-103 (4.9).

7 **SECTION 9.** In Colorado Revised Statutes, 37-45-118, **add** (3)
8 as follows:

9 **37-45-118. General powers. (3)** WITHOUT LIMITING ANY OTHER
10 EXPRESS OR IMPLIED AUTHORITY PROVIDED TO A DISTRICT OR TO A
11 SUBDISTRICT OF A DISTRICT BY THIS ARTICLE 45, TO SECURE AND PROTECT
12 AN ADEQUATE SUPPLY OF WATER, A DISTRICT MAY CONDUCT OR
13 PARTICIPATE IN FOREST HEALTH PROJECTS, AS DEFINED IN SECTION
14 37-95-103 (4.9), WITHIN AND OUTSIDE THE DISTRICT BOUNDARIES THAT
15 REDUCE THE RISK OF WILDFIRE WITHIN THE WATERSHEDS WITHIN WHICH
16 THE DISTRICT COLLECTS, TRANSPORTS, OR STORES ITS WATER SUPPLY. IN
17 ADDITION TO ANY OTHER DISTRICT FINANCIAL POWERS, A DISTRICT MAY
18 ACQUIRE, SELL, OR LEASE REAL OR PERSONAL PROPERTY AND ENTER INTO
19 LEASE-PURCHASE AGREEMENTS AS SET FORTH IN SECTION 29-1-103.

20 **SECTION 10.** In Colorado Revised Statutes, 37-46-148, **add** (2)
21 as follows:

22 **37-46-148. Miscellaneous powers. (2)** WITHOUT LIMITING ANY
23 OTHER EXPRESS OR IMPLIED AUTHORITY PROVIDED TO THE DISTRICT OR TO
24 A SUBDISTRICT OF THE DISTRICT BY THIS ARTICLE 46, TO SECURE AND
25 PROTECT AN ADEQUATE SUPPLY OF WATER, THE DISTRICT MAY CONDUCT
26 OR PARTICIPATE IN FOREST HEALTH PROJECTS, AS DEFINED IN SECTION
27 37-95-103 (4.9), WITHIN AND OUTSIDE THE DISTRICT BOUNDARIES THAT

1 REDUCE THE RISK OF WILDFIRE WITHIN THE WATERSHEDS WITHIN WHICH
2 THE DISTRICT COLLECTS, TRANSPORTS, OR STORES ITS WATER SUPPLY. IN
3 ADDITION TO ANY OTHER DISTRICT FINANCIAL POWERS, THE DISTRICT MAY
4 ACQUIRE, SELL, OR LEASE REAL OR PERSONAL PROPERTY AND ENTER INTO
5 LEASE-PURCHASE AGREEMENTS AS SET FORTH IN SECTION 29-1-103.

6 **SECTION 11.** In Colorado Revised Statutes, 37-47-148, **add** (2)
7 as follows:

8 **37-47-148. Miscellaneous powers. (2)** WITHOUT LIMITING ANY
9 OTHER EXPRESS OR IMPLIED AUTHORITY PROVIDED TO THE DISTRICT OR TO
10 A SUBDISTRICT OF THE DISTRICT BY THIS ARTICLE 47, TO SECURE AND
11 PROTECT AN ADEQUATE SUPPLY OF WATER, THE DISTRICT MAY CONDUCT
12 OR PARTICIPATE IN FOREST HEALTH PROJECTS, AS DEFINED IN SECTION
13 37-95-103 (4.9), WITHIN AND OUTSIDE THE DISTRICT BOUNDARIES THAT
14 REDUCE THE RISK OF WILDFIRE WITHIN THE WATERSHEDS WITHIN WHICH
15 THE DISTRICT COLLECTS, TRANSPORTS, OR STORES ITS WATER SUPPLY. IN
16 ADDITION TO ANY OTHER DISTRICT FINANCIAL POWERS, THE DISTRICT MAY
17 ACQUIRE, SELL, OR LEASE REAL OR PERSONAL PROPERTY AND ENTER INTO
18 LEASE-PURCHASE AGREEMENTS AS SET FORTH IN SECTION 29-1-103.

19 **SECTION 12.** In Colorado Revised Statutes, 37-95-103, **amend**
20 (4.9) as follows:

21 **37-95-103. Definitions.** As used in this article 95:

22 (4.9) "Forest health project" means:

23 (a) ~~An undertaking~~ A MANAGEMENT ACTION that improves the
24 ECOLOGICAL health of a forest, including, but not limited to:

25 (I) Reducing the threat of uncharacteristically large or intense
26 insect ~~diseases~~ and DISEASE epidemics;

27 (II) Reducing the THREAT OR impact of uncharacteristically large

- 1 or high-intensity wildfires;
- 2 (III) Reducing the impact of undesirable nonnative species;
- 3 (IV) Replanting trees in BURNED OR OTHERWISE deforested areas;
- 4 or AND
- 5 (V) Improving the use of, or adding value to, small diameter trees;

6 and

7 (b) ~~A project to harvest~~ IN ADDITION TO THE MANAGEMENT
8 ACTIONS SPECIFIED IN SUBSECTIONS (4.9)(a)(I) THROUGH (4.9)(a)(IV) OF
9 THIS SECTION, IMPROVEMENT OF THE USE OF, OR ADDITION OF VALUE TO,
10 SMALL DIAMETER TREES AND HARVESTING woody vegetation for, or use
11 USING woody vegetation in, the production of energy, fuels, forest
12 products, or other applications. ~~The~~ A FOREST HEALTH project may, but
13 need not, constitute all or part of a plan adopted by a community under
14 section 23-31-312 (3.5). ~~C.R.S.~~

15 **SECTION 13.** In Colorado Revised Statutes, 37-95-112.5, **amend**
16 (5) as follows:

17 **37-95-112.5. Watershed protection and forest health projects**
18 **- repeal.** (5) This section is repealed, effective ~~July 1, 2023~~ JULY 1, 2033.
19 Such repeal shall not nullify, abrogate, alter, or otherwise affect any
20 extant obligations under this ~~article~~ ARTICLE 95 at the time of the repeal.

21 **SECTION 14. Safety clause.** The general assembly hereby finds,
22 determines, and declares that this act is necessary for the immediate
23 preservation of the public peace, health, or safety.