



Legislative Council Staff

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Fiscal Note

Drafting Number:	LLS 22-0581	Date:	April 14, 2022
Prime Sponsors:	Rep. Weissman; Boesenecker	Bill Status:	House Trans. & Local Govt.
		Fiscal Analyst:	Christina Van Winkle 303-866-6289 Christina.VanWinkle@state.co.us

Bill Topic: ACCOUNTABILITY TO TAXPAYERS SPECIAL DISTRICTS

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill modifies statutory provisions governing special districts including filing requirements, service plan approvals, the issuance of debt, and director meeting requirements. Beginning in FY 2022-23, it increases state and local government expenditures.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Summary of Legislation

The bill makes multiple modifications to statutory provisions governing special districts. Specifically, the bill:

- requires separate legal entities established by one or more special districts to file board information, including oaths and bonds, with the Department of Local Affairs (DOLA);
- authorizes municipalities and counties to require special districts to include additional information on the special district's website;
- adds information that special districts must include in financial plans, including planned improvements and projected financing, terms for any intergovernmental or extraterritorial service agreements, descriptions of relationships between the district organizers and property owners, and the identification of all fees the district may impose;
- prohibits approval of service plans that include the issuance of any financial instrument with repayment terms exceeding thirty years, and prohibits the purchase of district debt by directors with a conflict of interest;
- expands the circumstances under which material modifications to service plans require county or municipality approval;
- authorizes counties and municipalities to impose an annual fee to offset costs in ensuring compliance with service plans;

- prohibits directors who approved the issuance of debt to acquire any interest in the debt;
- prohibits directors from meeting outside of district boundaries;
- phases out the use of metropolitan district boards for covenant enforcement; and
- changes current five-year reviews of due diligence to an annual review.

State Expenditures

The Division of Local Government within DOLA will need to create or modify forms for separate legal entities to file to adhere to the filing requirements in the bill, and facilitate new oaths. These workload impacts can be accomplished within existing resources.

Local Government

Special districts will incur costs to comply with the new filing requirements and financial plan criteria, and to pay fees to counties and municipalities. Specifically, the requirement for financial plans to include proposed financing of public improvements and preliminary construction drawings will add professional and legal service costs to newly-formed special districts filing service plans.

Depending on the frequency with which special districts materially modify service plans, special districts will incur costs to petition counties and municipalities for approval. In addition, by limiting who may acquire any interest in district debt, special districts have additional workload or interest costs to facilitate the purchase of the debt.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Counties

Information Technology

Local Affairs

Municipalities

Special Districts