

CHAPTER 31

GOVERNMENT - LOCAL

HOUSE BILL 22-1097

BY REPRESENTATIVE(S) Valdez D., Gray, Lindsay, Sandridge, Van Winkle;
also SENATOR(S) Simpson, Kolker, Rankin.

AN ACT

CONCERNING THE AUTHORITY OF A BOARD OF COUNTY COMMISSIONERS TO FILE AN APPLICATION FOR DISSOLUTION OF A SPECIAL DISTRICT WITH THE SPECIAL DISTRICT'S BOARD OF DIRECTORS, AND, IN CONNECTION THEREWITH, ALLOWING A BOARD OF COUNTY COMMISSIONERS TO CONSENT TO DISSOLUTION BY COURT ORDER WITHOUT AN ELECTION OF A SPECIAL DISTRICT WITH NO OUTSTANDING FINANCIAL OBLIGATIONS OR DEBT.

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

SECTION 1. In Colorado Revised Statutes, 32-1-701, **amend** (5) and (6); and **add** (3.5) and (3.7) as follows:

32-1-701. Initiation - petition - procedure. (3.5) IF THE TERRITORY ENCOMPASSED BY A SPECIAL DISTRICT LIES WHOLLY WITHIN THE BOUNDARIES OF A COUNTY, THE BOARD OF COUNTY COMMISSIONERS OF ANY SUCH COUNTY MAY FILE AN APPLICATION WITH THE SPECIAL DISTRICT'S BOARD OF DIRECTORS TO DISSOLVE THE SPECIAL DISTRICT, AND THE SPECIAL DISTRICT'S BOARD OF DIRECTORS, PROMPTLY AND IN GOOD FAITH, SHALL TAKE THE NECESSARY STEPS TO DISSOLVE THE DISTRICT IN ACCORDANCE WITH THE PROCEDURES SPECIFIED IN SUBSECTION (2) OF THIS SECTION; EXCEPT THAT, IF MORE THAN EIGHTY-FIVE PERCENT OF THE TERRITORY ENCOMPASSED BY THE SPECIAL DISTRICT LIES WITHIN THE CORPORATE LIMITS OF ONE OR MORE MUNICIPALITIES, THE SPECIAL DISTRICT'S BOARD OF DIRECTORS SHALL NOT TAKE ANY ACTION ON THE APPLICATION UNLESS THE GOVERNING BODIES OF ALL SUCH MUNICIPALITIES HAVE CONSENTED TO OR JOINED THE APPLICATION.

(3.7) IF THE TERRITORY ENCOMPASSED BY A SPECIAL DISTRICT LIES WITHIN THE BOUNDARIES OF TWO OR MORE COUNTIES, THE BOARD OF COUNTY COMMISSIONERS OF EACH OF THE COUNTIES MAY JOINTLY FILE AN APPLICATION WITH THE SPECIAL DISTRICT'S BOARD OF DIRECTORS TO DISSOLVE THE SPECIAL DISTRICT, AND THE SPECIAL DISTRICT'S BOARD OF DIRECTORS, PROMPTLY AND IN GOOD FAITH, SHALL

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

TAKE THE NECESSARY STEPS TO DISSOLVE THE DISTRICT IN ACCORDANCE WITH THE PROCEDURES SPECIFIED IN SUBSECTION (2) OF THIS SECTION; EXCEPT THAT, IF MORE THAN EIGHTY-FIVE PERCENT OF THE TERRITORY ENCOMPASSED BY THE SPECIAL DISTRICT LIES WITHIN THE CORPORATE LIMITS OF ONE OR MORE MUNICIPALITIES, THE SPECIAL DISTRICT'S BOARD OF DIRECTORS SHALL NOT TAKE ANY ACTION ON THE APPLICATION UNLESS THE GOVERNING BODIES OF ALL SUCH MUNICIPALITIES HAVE CONSENTED TO OR JOINED THE APPLICATION. THE APPLICATION MUST INCLUDE THE CONSENT OF SUCH COUNTIES TO ASSUME THE RESPONSIBILITIES FOR PROVIDING THE SERVICES THAT HAD BEEN PROVIDED BY THE SPECIAL DISTRICT IN THEIR RESPECTIVE JURISDICTIONS OR EVIDENCE OF AN AGREEMENT TO PROVIDE THE SERVICES ON A CONTRACTUAL BASIS.

(5) If the territory encompassed by a special district lies within the boundaries of two or more regional service authorities and if such service authorities provide the same service as that provided by the special district, the two or more service authorities may file jointly an application with the board to dissolve the special district, and the board, promptly and in good faith, shall take the necessary steps to dissolve such district in accordance with the procedures specified in subsection (2) of this section. The application ~~shall~~ MUST include the consent of such service authorities to assume the responsibilities for providing the service in their respective jurisdictions or the consent of one regional service authority to provide the service on a contractual basis.

(6) Any application filed with the board to dissolve a special district under subsection (2), (3), ~~(3.5), (3.7)~~, (4), or (5) of this section ~~shall~~ MUST be accompanied by a cash bond in the amount of three hundred dollars to cover the expenses connected with the proceedings if the dissolution is not effected.

SECTION 2. In Colorado Revised Statutes, 32-1-702, **amend** (1) as follows:

32-1-702. Requirements for dissolution petition. (1) A petition for dissolution ~~shall~~ MUST generally describe the territory embraced in the special district, ~~shall~~ MUST have a map showing the special district, a current financial statement of the special district, and a plan for final disposition of the assets of the special district and for payment of the financial obligations of the special district, ~~shall~~ MUST state whether or not the services of the special district are to be continued and, if so, by what means, and ~~shall~~ MUST state whether the existing board or a portion thereof ~~shall~~ IS TO continue in office, subject to court appointment to fill vacancies. Said petition may provide for the regional service authority board, THE BOARD OF COUNTY COMMISSIONERS, or the governing body of the municipality to act as the board in accordance with ~~the provisions of~~ section 32-1-707.

SECTION 3. In Colorado Revised Statutes, 32-1-704, **amend** (3)(b) as follows:

32-1-704. Conditions necessary for dissolution - permissible provisions - hearings - court powers. (3) (b) (I) Subject to the provisions of ~~paragraph (c) of this subsection (3)~~ SUBSECTION (3)(C) OF THIS SECTION, the court shall enter an order dissolving the special district pursuant to section 32-1-707 without an election if the special district lies wholly within the corporate limits of the municipality, if the special district has no financial obligations or outstanding bonds, and if the special district board and the governing body of the municipality consent to the dissolution.

(II) SUBJECT TO THE PROVISIONS OF SUBSECTION (3)(c) OF THIS SECTION, THE COURT SHALL ENTER AN ORDER DISSOLVING THE SPECIAL DISTRICT PURSUANT TO SECTION 32-1-707 WITHOUT AN ELECTION IF THE SPECIAL DISTRICT LIES WHOLLY WITHIN THE COUNTY, IF THE SPECIAL DISTRICT HAS NO FINANCIAL OBLIGATIONS OR OUTSTANDING BONDS, AND IF THE SPECIAL DISTRICT BOARD AND THE BOARD OF COUNTY COMMISSIONERS CONSENT TO THE DISSOLUTION, AND, IF MORE THAN EIGHTY-FIVE PERCENT OF THE TERRITORY ENCOMPASSED BY THE SPECIAL DISTRICT LIES WITHIN THE CORPORATE LIMITS OF ONE OR MORE MUNICIPALITIES, THE GOVERNING BODIES OF ALL SUCH MUNICIPALITIES ALSO CONSENT TO THE DISSOLUTION.

SECTION 4. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly; except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2022 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Approved: March 17, 2022