

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

REENGROSSED

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

LLS NO. 23-0722.01 Nicole Myers x4326

SENATE BILL 23-110

SENATE SPONSORSHIP

Marchman and Zenzinger, Gardner, Winter F.

HOUSE SPONSORSHIP

Kipp and Taggart, Lindstedt

Senate Committees

Local Government & Housing

House Committees

A BILL FOR AN ACT

101 **CONCERNING TRANSPARENCY FOR METROPOLITAN DISTRICTS.**

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>.)

Under current law, prior to filing a petition for the organization of a special district in a district court, the people proposing the organization of the special district are required to submit a service plan to the board of county commissioners of each county that has unincorporated territory included within the boundaries of the proposed special district. If the boundaries of the proposed special district are wholly contained within the boundaries of one or more municipalities, the service plan is submitted to the governing body of the municipality or municipalities. For

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.

SENATE
3rd Reading Unamended
February 22, 2023

SENATE
Amended 2nd Reading
February 21, 2023

a proposed metropolitan district that submits a service plan to one or more boards of county commissioners or one or more governing bodies of a municipality on or after January 1, 2024, **sections 1 and 2** of the bill require the service plan to include:

- The maximum mill levy that may be imposed for the payment of general obligation indebtedness, as determined by the board of county commissioners of each county that is approving the service plan or the governing body of each municipality that is approving the service plan, as applicable; and
- The maximum debt that may be issued by the metropolitan district, as determined by the board of county commissioners of each county that is approving the service plan or the governing body of each municipality that is approving the service plan, as applicable.

In addition to any other meetings held by the board of directors of a metropolitan district (board), beginning in the 2023 calendar year, **section 3** requires the board to hold an annual meeting if the metropolitan district was organized after January 1, 2020, has residential units within its boundaries, and is not in inactive status. The board is prohibited from taking any official action at the annual meeting and must ensure that the annual meeting includes a presentation from the metropolitan district regarding the status of any of the district's projects and outstanding bonds, if any, and an opportunity for members of the public to ask questions about the metropolitan district.

Section 4 specifies that prior to issuing debt to a director of a metropolitan district or to an entity with respect to which a director of a metropolitan district must make a disclosure pursuant to current law, the board is required to receive a statement of a registered municipal advisor certifying specified criteria regarding the interest rate of the debt.

Sellers of real property are currently required to make various disclosures regarding the property. On and after a specified date, **section 5** requires the seller of residential real property that is located within a metropolitan district to provide the purchaser of the property with the official website established by the metropolitan district. The seller is required to provide the information on the Colorado real estate commission approved seller's property disclosure.

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

2 **SECTION 1.** In Colorado Revised Statutes, 32-1-202, **add** (2)(m)

3 and (2)(n) as follows:

4 **32-1-202. Filing of service plan required - report of filing -**

1 **contents - fee.** (2) The service plan shall contain the following:

2 (m) FOR A METROPOLITAN DISTRICT THAT SUBMITS A SERVICE
3 PLAN TO ONE OR MORE BOARDS OF COUNTY COMMISSIONERS PURSUANT TO
4 THIS SECTION ON OR AFTER JANUARY 1, 2024, THE MAXIMUM MILL LEVY
5 THAT MAY BE IMPOSED FOR THE PAYMENT OF GENERAL OBLIGATION
6 INDEBTEDNESS, AS DETERMINED BY THE BOARD OF COUNTY
7 COMMISSIONERS OF EACH COUNTY THAT IS APPROVING THE SERVICE PLAN.

8 (n) FOR A METROPOLITAN DISTRICT THAT SUBMITS A SERVICE PLAN
9 TO ONE OR MORE BOARDS OF COUNTY COMMISSIONERS PURSUANT TO THIS
10 SECTION ON OR AFTER JANUARY 1, 2024, THE MAXIMUM DEBT THAT MAY
11 BE ISSUED BY THE DISTRICT, AS DETERMINED BY THE BOARD OF COUNTY
12 COMMISSIONERS OF EACH COUNTY THAT IS APPROVING THE SERVICE PLAN.

13 **SECTION 2.** In Colorado Revised Statutes, 32-1-204.5, **add** (3)
14 as follows:

15 **32-1-204.5. Approval by municipality.** (3) IN THE CASE OF A
16 PROPOSED METROPOLITAN DISTRICT THAT SUBMITS A SERVICE PLAN TO
17 THE GOVERNING BODY OF A MUNICIPALITY OR MUNICIPALITIES PURSUANT
18 TO THIS SECTION ON OR AFTER JANUARY 1, 2024, THE SERVICE PLAN MUST
19 CONTAIN THE FOLLOWING:

20 (a) THE MAXIMUM MILL LEVY THAT MAY BE IMPOSED FOR THE
21 PAYMENT OF GENERAL OBLIGATION INDEBTEDNESS, AS DETERMINED BY
22 THE GOVERNING BODY OF EACH MUNICIPALITY THAT IS APPROVING THE
23 SERVICE PLAN; AND

24 (b) THE MAXIMUM DEBT THAT MAY BE ISSUED BY THE DISTRICT, AS
25 DETERMINED BY THE GOVERNING BODY OF EACH MUNICIPALITY THAT IS
26 APPROVING THE SERVICE PLAN.

27 **SECTION 3.** In Colorado Revised Statutes, 32-1-903, **add** (6)

1 and (7) as follows:

2 **32-1-903. Meetings - definitions.** (6) (a) BEGINNING IN THE 2023
3 CALENDAR YEAR, THE BOARD OF ANY METROPOLITAN DISTRICT THAT WAS
4 DECLARED ORGANIZED BY A COURT PURSUANT TO SECTION 32-1-305.5
5 AFTER JANUARY 1, 2000, THAT HAS RESIDENTIAL UNITS WITHIN ITS
6 BOUNDARIES, AND THAT IS NOT IN INACTIVE STATUS SHALL CONDUCT AN
7 ANNUAL MEETING IN ADDITION TO ANY OTHER BOARD MEETINGS HELD
8 PURSUANT TO THIS SECTION. THE BOARD SHALL NOT TAKE ANY OFFICIAL
9 ACTION AT THE ANNUAL MEETING AND SHALL ENSURE THAT THE ANNUAL
10 MEETING INCLUDES:

11 (I) A PRESENTATION FROM THE METROPOLITAN DISTRICT
12 REGARDING THE STATUS OF THE PUBLIC INFRASTRUCTURE PROJECTS
13 WITHIN THE METROPOLITAN DISTRICT AND OUTSTANDING BONDS, IF ANY;

14 ==

15 (II) A REVIEW OF UNAUDITED FINANCIAL STATEMENTS SHOWING
16 THE YEAR-TO-DATE REVENUE AND EXPENDITURES OF THE METROPOLITAN
17 DISTRICT IN RELATION TO ITS ADOPTED BUDGET, AS AMENDED IF
18 APPLICABLE, FOR THAT CALENDAR YEAR; AND

19 (III) AN OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ASK
20 QUESTIONS ABOUT THE METROPOLITAN DISTRICT.

21 (b) AN ANNUAL MEETING REQUIRED BY THIS SUBSECTION (6) MUST
22 BE HELD IN PERSON, VIRTUALLY, OR IN PERSON AND VIRTUALLY. AN
23 ANNUAL MEETING THAT IS HELD SOLELY IN PERSON MUST BE HELD AT A
24 PHYSICAL LOCATION THAT IS WITHIN THE BOUNDARIES OF THE
25 METROPOLITAN DISTRICT, WITHIN THE BOUNDARIES OF ANY COUNTY IN
26 WHICH THE METROPOLITAN DISTRICT IS LOCATED, IN WHOLE OR IN PART,
27 OR WITHIN ANY OTHER COUNTY SO LONG AS THE PHYSICAL LOCATION DOES

1 NOT EXCEED FIVE MILES FROM THE METROPOLITAN DISTRICT'S
2 BOUNDARIES.

3 (c) NOTICE OF THE TIME AND LOCATION OF AN ANNUAL MEETING
4 REQUIRED BY THIS SUBSECTION (6) MUST BE PROVIDED IN ACCORDANCE
5 WITH SUBSECTION (2) OF THIS SECTION AND MUST BE POSTED ON THE
6 METROPOLITAN DISTRICT'S WEBSITE.

7 (7) THE BOARD OF A METROPOLITAN DISTRICT MUST PROVIDE A
8 PUBLIC COMMENT PERIOD DURING THE MEETING AT WHICH THE BOARD
9 ADOPTS THE ANNUAL BUDGET FOR THE METROPOLITAN DISTRICT AS
10 REQUIRED BY SECTION 29-1-103.

11 **SECTION 4.** In Colorado Revised Statutes, 32-1-1101, **add** (7)
12 as follows:

13 **32-1-1101. Common financial powers.** (7) (a) PRIOR TO ISSUING
14 DEBT TO A DIRECTOR OF A METROPOLITAN DISTRICT OR TO AN ENTITY
15 WITH RESPECT TO WHICH A DIRECTOR OF A METROPOLITAN DISTRICT MUST
16 MAKE DISCLOSURE UNDER SECTION 24-18-109, THE BOARD OF THE
17 METROPOLITAN DISTRICT MUST RECEIVE A STATEMENT OF A REGISTERED
18 MUNICIPAL ADVISOR CERTIFYING THAT THE INTEREST RATE OF SUCH DEBT
19 DOES NOT EXCEED THE LESSER OF:

20 (I) THE INTEREST RATE ALLOWED UNDER SUBSECTION (7)(b) OF
21 THIS SECTION; OR

22 (II) THE CURRENT MARKET INTEREST RATE FOR THE DEBT BASED
23 ON CRITERIA DETERMINED BY THE REGISTERED MUNICIPAL ADVISOR,
24 INCLUDING THE STRUCTURE OF THE DEBT, THE MATURITIES, REDEMPTION
25 PROVISIONS, THE REVENUE PLEDGED FOR REPAYMENT, AND OTHER TERMS
26 OF THE DEBT, CONSIDERING THE FINANCIAL CIRCUMSTANCES OF THE
27 METROPOLITAN DISTRICT.

1 (b) THE INTEREST RATE ON DEBT ISSUED BY A METROPOLITAN
2 DISTRICT TO A DIRECTOR OF A METROPOLITAN DISTRICT OR TO AN ENTITY
3 WITH RESPECT TO WHICH A DIRECTOR OF A METROPOLITAN DISTRICT MUST
4 MAKE DISCLOSURE UNDER SECTION 24-18-109 MUST NOT EXCEED THE
5 MUNICIPAL MARKET DATA "AAA" GENERAL OBLIGATION, THIRTY-YEAR
6 CONSTANT MATURITY, OR SUCCESSOR INDEX IF REPLACED, PLUS FOUR
7 HUNDRED BASIS POINTS, AS OF THE SEVENTH BUSINESS DAY PRIOR TO THE
8 DATE OF ISSUANCE OF THAT DEBT AND MUST HAVE A MAXIMUM FINAL
9 MATURITY OF NOT MORE THAN FORTY YEARS FROM THE DATE OF
10 ISSUANCE.

11 (c) AS USED IN THIS SUBSECTION (7), "REGISTERED MUNICIPAL
12 ADVISOR" MEANS A MUNICIPAL ADVISOR, AS DEFINED IN SECTION 15B OF
13 THE FEDERAL "SECURITIES EXCHANGE ACT OF 1934", THAT IS REGISTERED
14 WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER SECTION 15B
15 OF THE FEDERAL "SECURITIES EXCHANGE ACT OF 1934".

16 (d) THIS SUBSECTION (7) APPLIES TO DEBT, AS APPLICABLE, THAT
17 IS ISSUED BY A METROPOLITAN DISTRICT ON OR AFTER JANUARY 1, 2024.

18 **SECTION 5.** In Colorado Revised Statutes, **add** 38-35.7-111 as
19 follows:

20 **38-35.7-111. Disclosure - metropolitan district website -**
21 **residences within the boundaries of a metropolitan district.** ON OR
22 AFTER JANUARY 1, 2024, AN OWNER OF RESIDENTIAL REAL PROPERTY
23 THAT IS LOCATED WITHIN THE BOUNDARIES OF A METROPOLITAN DISTRICT
24 ORGANIZED ON OR AFTER JANUARY 1, 2000, THAT SELLS THE PROPERTY
25 SHALL PROVIDE THE PURCHASER OF THE PROPERTY WITH THE OFFICIAL
26 WEBSITE ESTABLISHED BY THE METROPOLITAN DISTRICT PURSUANT TO
27 SECTION 32-1-104.5 (3). THE INFORMATION SHALL BE PROVIDED ON THE

1 COLORADO REAL ESTATE COMMISSION APPROVED SELLER'S PROPERTY
2 DISCLOSURE OR OTHER CONCURRENT WRITING.

3 **SECTION 6. Act subject to petition - effective date.** This act
4 takes effect at 12:01 a.m. on the day following the expiration of the
5 ninety-day period after final adjournment of the general assembly; except
6 that, if a referendum petition is filed pursuant to section 1 (3) of article V
7 of the state constitution against this act or an item, section, or part of this
8 act within such period, then the act, item, section, or part will not take
9 effect unless approved by the people at the general election to be held in
10 November 2024 and, in such case, will take effect on the date of the
11 official declaration of the vote thereon by the governor.