



Legislative  
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**FINAL  
FISCAL NOTE**

**Drafting Number:** LLS 18-0046  
**Prime Sponsors:** Sen. Crowder; Kefalas  
 Rep. Melton; Herod  
**Date:** June 7, 2018  
**Bill Status:** Postponed Indefinitely  
**Fiscal Analyst:** Chris Creighton | 303-866-5834  
 Chris.Creighton@state.co.us

**Bill Topic:** PILOT PROJECT FOR SUSTAINABLE COMMUNITIES

**Summary of Fiscal Impact:**

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

This bill authorizes the one-time waiver of municipal incorporation requirements for the purpose of creating a sustainable town. This bill increases state revenue and workload by a minimal amount. Local government costs are also increased.

**Appropriation Summary:** No appropriation is required.

**Fiscal Note Status:** This fiscal note reflects the introduced bill. This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

**Table 1  
State Fiscal Impacts Under SB 18-142**

		FY 2018-19	FY 2019-20
<b>Revenue</b>	Cash Funds	\$224	-
<b>Expenditures</b>		-	-
<b>Transfers</b>		-	-
<b>TABOR Refund</b>	General Fund	\$224	-

## **Summary of Legislation**

This bill authorizes a state district court to approve one municipal incorporation pilot project creating a sustainable community that is designated as a town.

**Community requirements.** The municipal town created by this bill must include significant affordable housing defined in the bill as no less than 3,000 units priced for rental or purchase at not less than 25 percent below the median price in the immediate area. The sustainable community must have:

- net zero energy use;
- net zero waste;
- on-site wastewater treatment;
- on-site recycling;
- at least a 75 percent water use reduction compared to communities in the immediate area; and
- be a "leadership in energy and environmental design" (LEED) community.

**Waiver for district court approval.** The state district court holding jurisdiction where the town is to be located must waive all municipal incorporation requirements upon receipt of a waiver for the creation of such a town. To receive such a waiver, a petitioner must file a waiver application with the district court that includes two endorsements from either the Governor, the President of the Senate, or the Speaker of the House explaining why the project is in the best interest of the state. Only one such endorsement may be made by each office and only one waiver may be granted by the court, unless additional waivers are approved by the General Assembly. This waiver request must be filed with the district court by July 31, 2018.

**Town governance and operation.** Upon entry of an order waiving all municipal incorporation requirements by the district court, the pilot project is created and is designated as a town with all statutory rights, powers, and duties of a town. The town is also authorized to cooperate or contract with any other government for the provision of goods and services to assist in the operation of the town. Any failure of the town to operate in accordance with state law will result in the dissolution of the town and the reversion of land back to the county in which it is located. No less than 90 days after being designated a town, one or more real property owners must appoint five town commissioners to a term of four years. When the number of town residents equals or exceeds 150, the town commission must hold an election to elect a town council.

This bill repeals July 1, 2019.

## **State Revenue**

For FY 2018-19 only, this bill increases civil filing fees by a minimal amount. Assuming one district court waiver is filed in FY 2018-19, revenue will increase by \$224.

## **TABOR Refund**

This bill increases state revenue from civil filing fees, which will increase the amount of money required to be refunded under TABOR by \$224 for FY 2018-19 only. Since the bill increases the TABOR refund obligation without a corresponding change in General Fund revenue, the amount of money available in the General Fund for the budget will decrease by an identical amount.

## **State Expenditures**

This bill increases Judicial Department and Department of Local Affairs workload, as described below.

**Judicial Department.** For FY 2018-19 only, this bill increases workload to review the submitted town incorporation waiver, ensure it has two letters of endorsement, and issue an order waiving all other municipal incorporation requirements. This workload is minimal and can be accomplished within existing appropriations.

**Department of Local Affairs.** Beginning in FY 2018-19 and continuing as long as this new town exists, this bill increases workload for the Division of Local Government in the Department of Local Affairs to provide guidance to the town authorized by this bill regarding budgeting, finance, and general government administration. Division of Housing workload may also increase to provide assistance with the provision of affordable housing in the new town. This workload can be accomplished within existing appropriations.

## **Local Government**

This bill potentially impacts local governments in several ways. First, costs will be incurred by the town authorized in this bill to create an administrative structure, develop policies and procedures, provide services to the residents of the town, and to hold an election when the town population exceeds 150 residents. It is assumed the cost of these services will be paid using taxes collected and other fees created. Second, the incorporation of a new town could impact the revenues and services provided by any counties or municipalities from which the land was incorporated. Third, to the extent that the new town contracts with another government for the provision of services such as policing, revenue and costs will increase for the government providing the contracted services. Lastly, costs could be incurred to ensure services such as utilities, transportation, building inspection, property assessment, and emergency services are provided.

## **Effective Date**

This bill was postponed indefinitely by the Senate State, Veterans, and Military Affairs Committee on February 12, 2018.

## **State and Local Government Contacts**

Counties  
Governor  
Municipalities

County Assessors  
Judicial

County Clerks  
Local Affairs