

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

**PREAMENDED**

*This Unofficial Version Includes Committee  
Amendments Not Yet Adopted on Second Reading*

LLS NO. 22-0581.01 Bob Lackner x4350

**HOUSE BILL 22-1363**

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**HOUSE SPONSORSHIP**

**Weissman and Boesenecker,**

**SENATE SPONSORSHIP**

**(None),**

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**House Committees**

Transportation & Local Government

**Senate Committees**

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**A BILL FOR AN ACT**

101 **CONCERNING MEASURES TO INCREASE THE ACCOUNTABILITY OF**  
102 **SPECIAL DISTRICTS TO TAXPAYERS.**

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**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 makes the following modifications to statutory provisions governing special districts to increase the accountability of special districts to taxpayers:

- If a separate legal entity established by contract includes one or more special districts, requires the separate legal entity to file with the division of local government in the

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
Capital letters or bold & italic numbers indicate new material to be added to existing statute.  
Dashes through the words indicate deletions from existing statute.

department of local affairs certain financial information pertaining to the special district. In such circumstances, the directors of the special district are also required to comply with oath and bond requirements for directors of special districts.

- Expands existing requirements on the information a metropolitan district must include on its public website to include information that is required by the service plan of the metropolitan district, by an ordinance or resolution adopted by the board of commissioners of a county, or by the governing body of a municipality, as applicable;
- Expands the applicability of statutory provisions governing the approval and oversight of special districts to specify that these provisions do not apply when a special district that was originally approved at any time thereafter becomes wholly included within the boundaries of one or more municipalities;
- Specifies information to be included in the financial plan that a new district submits along with its service plan;
- Removes an existing cap on the amount of the fee that a special district must pay the board of county commissioners for processing review of a service plan;
- For any proposed special district that has any property within its boundaries that is zoned or valued for assessment as residential, enumerates certain acts that are disallowed for any service plan required to be filed by the district. A local government acting on a service plan is prohibited from approving a service plan for a special district that permits any of these same acts.
- Clarifies requirements affecting the oversight by a municipality that is wholly contained within the boundaries of the municipality, especially in connection with an annexing municipality;
- Expands the circumstances under which material modifications of a special district's service plan are approved by the county or municipality, as applicable, to include the situation when the special district after initial approval of the plan becomes wholly included within the boundaries of a newly annexed municipality;
- Specifies that approval is also required for any action or omission of a special district that is materially inconsistent with the district's service plan. Expands the list of examples of acts or omissions necessitating approval.
- Authorizes a board of county commissioners for a district that lies entirely within the territorial boundaries of a

county or the governing body of a municipality for a district that lies entirely within the boundaries of a municipality to impose a fee to offset the costs incurred by the county or municipality, as applicable, in reviewing the operations of the district and the district's compliance with its service plan. The fee is not payable more than once annually.

- Prohibits a member of the board of a district that approved the issuance of any debt while the member was serving on the board from thereafter acquiring any interest in the debt individually or on behalf of any organization or entity for which the board member is engaged as an employee, counsel, consultant, representative, or agent;
- Requires all meetings of a board of a special district that are held solely at physical locations to be held at physical locations that are within the boundaries of the district or that are within the boundaries of any county in which the district is located, in whole or in part, without exceptions or the possibility of a waiver;
- Clarifies that the powers of the board of directors of any metropolitan district are limited by the district's service plan;
- On and after September 1, 2022, prohibits a metropolitan district from entering into any new contract or agreement as of that date to furnish covenant enforcement and design review services. On and after September 1, 2022, the bill prohibits a metropolitan district from renewing any existing agreement entered into prior to that date to furnish covenant enforcement and design review services. Upon the expiration of the agreement, the master association or similar entity contracting with the metropolitan district is required to assume covenant enforcement and design review services.
- Under current law, under specified circumstances, the board of county commissioners or the governing body of the municipality that has adopted a resolution of approval of the special district may require the board of the special district to file an application for a finding of reasonable diligence every 5 years. The bill makes this an annual requirement.
- Makes proof of the commission of such act by a preponderance of the evidence proof that the director has breached the director's fiduciary duty and the public trust.

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

2 [REDACTED]

3 **SECTION 1.** In Colorado Revised Statutes, **add** 32-1-203.5 as  
4 follows:

5 **32-1-203.5. Special district - residential housing - additional**  
6 **limitations on and approval of service plan.** (1) NOTWITHSTANDING  
7 ANY OTHER PROVISION OF LAW, FOR ANY PROPOSED SPECIAL DISTRICT  
8 THAT HAS ANY PROPERTY WITHIN ITS BOUNDARIES THAT IS ZONED OR  
9 VALUED FOR ASSESSMENT AS RESIDENTIAL, NONE OF THE FOLLOWING ACTS  
10 ARE ALLOWED UNDER ANY SERVICE PLAN A SPECIAL DISTRICT IS REQUIRED  
11 TO FILE UNDER SECTION 32-1-204. A LOCAL GOVERNMENT ACTING ON A  
12 SERVICE PLAN PURSUANT TO SECTION 32-1-203 SHALL NOT APPROVE A  
13 SERVICE PLAN FOR A METROPOLITAN DISTRICT THAT PERMITS THE  
14 PURCHASE OF DISTRICT DEBT BY ANY ENTITY WITH RESPECT TO WHICH ANY  
15 DIRECTOR OF THE DISTRICT HAS A CONFLICT OF INTEREST NECESSITATING  
16 DISCLOSURE UNDER SECTION 24-18-109.

17 [REDACTED]

18 **SECTION 2.** In Colorado Revised Statutes, 32-1-902, **add** (5) as  
19 follows:

20 **32-1-902. Organization of board - compensation - disclosure**  
21 **- prohibited transactions.** (5) NOTWITHSTANDING ANY OTHER  
22 PROVISION OF LAW, A MEMBER OF THE BOARD OF A DISTRICT THAT  
23 APPROVED THE ISSUANCE OF ANY DEBT WHILE THE MEMBER WAS SERVING  
24 ON THE BOARD SHALL NOT THEREAFTER ACQUIRE ANY INTEREST IN THE  
25 DEBT INDIVIDUALLY OR ON BEHALF OF ANY ORGANIZATION OR ENTITY FOR  
26 WHICH THE BOARD MEMBER IS ENGAGED AS AN EMPLOYEE, COUNSEL,  
27 CONSULTANT, REPRESENTATIVE, OR AGENT.

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**SECTION 3.** In Colorado Revised Statutes, 24-18-109, **add** (2.5) as follows:

**24-18-109. Rules of conduct for local government officials and employees.** (2.5) PROOF OF THE COMMISSION OF AN ACT PROSCRIBED BY SECTION 32-1-902 (5) BY A PREPONDERANCE OF THE EVIDENCE IS PROOF THAT THE ACTOR HAS BREACHED THE ACTOR'S FIDUCIARY DUTY AND THE PUBLIC TRUST.

**SECTION 4. Act subject to petition - effective date - applicability.** (1) 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.

(2) This act applies to acts undertaken on or after the applicable effective date of this act.