

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

INTRODUCED

LLS NO. 23-0722.01 Nicole Myers x4326

SENATE BILL 23-110

SENATE SPONSORSHIP

Marchman and Zenzinger, Gardner

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.*

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) as

1 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, 2020, 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 DISTRICT'S PROJECTS AND OUTSTANDING
13 BONDS, IF ANY; AND

14 (II) AN OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ASK
15 QUESTIONS ABOUT THE METROPOLITAN DISTRICT.

16 (b) AN ANNUAL MEETING REQUIRED BY THIS SUBSECTION (6) MUST
17 BE HELD IN PERSON, VIRTUALLY, OR IN PERSON AND VIRTUALLY. AN
18 ANNUAL MEETING THAT IS HELD SOLELY IN PERSON MUST BE HELD AT A
19 PHYSICAL LOCATION THAT IS WITHIN THE BOUNDARIES OF THE
20 METROPOLITAN DISTRICT, WITHIN THE BOUNDARIES OF ANY COUNTY IN
21 WHICH THE METROPOLITAN DISTRICT IS LOCATED, IN WHOLE OR IN PART,
22 OR WITHIN ANY OTHER COUNTY SO LONG AS THE PHYSICAL LOCATION DOES
23 NOT EXCEED FIVE MILES FROM THE METROPOLITAN DISTRICT'S
24 BOUNDARIES.

25 (c) NOTICE OF THE TIME AND LOCATION OF AN ANNUAL MEETING
26 REQUIRED BY THIS SUBSECTION (6) MUST BE PROVIDED IN ACCORDANCE
27 WITH SUBSECTION (2) OF THIS SECTION AND MUST BE POSTED ON THE

1 METROPOLITAN DISTRICT'S WEBSITE.

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

4 **32-1-1101. Common financial powers.** (7) (a) PRIOR TO ISSUING
5 DEBT TO A DIRECTOR OF A METROPOLITAN DISTRICT OR TO AN ENTITY
6 WITH RESPECT TO WHICH A DIRECTOR OF A METROPOLITAN DISTRICT MUST
7 MAKE DISCLOSURE UNDER SECTION 24-18-109, THE BOARD OF THE
8 METROPOLITAN DISTRICT MUST RECEIVE A STATEMENT OF A REGISTERED
9 MUNICIPAL ADVISOR CERTIFYING THAT THE INTEREST RATE OF SUCH DEBT
10 DOES NOT EXCEED THE LESSER OF:

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

13 (II) THE CURRENT MARKET INTEREST RATE FOR THE DEBT BASED
14 ON CRITERIA DETERMINED BY THE REGISTERED MUNICIPAL ADVISOR,
15 INCLUDING THE STRUCTURE OF THE DEBT, THE MATURITIES, REDEMPTION
16 PROVISIONS, THE REVENUE PLEDGED FOR REPAYMENT, AND OTHER TERMS
17 OF THE DEBT, CONSIDERING THE FINANCIAL CIRCUMSTANCES OF THE
18 METROPOLITAN DISTRICT.

19 (b) THE INTEREST RATE ON DEBT ISSUED BY A METROPOLITAN
20 DISTRICT TO A DIRECTOR OF A METROPOLITAN DISTRICT OR TO AN ENTITY
21 WITH RESPECT TO WHICH A DIRECTOR OF A METROPOLITAN DISTRICT MUST
22 MAKE DISCLOSURE UNDER SECTION 24-18-109 MUST NOT EXCEED THE
23 MUNICIPAL MARKET DATA "AAA" GENERAL OBLIGATION, THIRTY-YEAR
24 CONSTANT MATURITY, OR SUCCESSOR INDEX IF REPLACED, PLUS FOUR
25 HUNDRED BASIS POINTS, AS OF THE SEVENTH BUSINESS DAY PRIOR TO THE
26 DATE OF ISSUANCE OF THAT DEBT AND MUST HAVE A MAXIMUM FINAL
27 MATURITY OF NOT MORE THAN FORTY YEARS FROM THE DATE OF

1 ISSUANCE.

2 (c) AS USED IN THIS SUBSECTION (7), "REGISTERED MUNICIPAL
3 ADVISOR" MEANS A MUNICIPAL ADVISOR, AS DEFINED IN SECTION 15B OF
4 THE FEDERAL "SECURITIES EXCHANGE ACT OF 1934", THAT IS REGISTERED
5 WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER SECTION 15B
6 OF THE FEDERAL "SECURITIES EXCHANGE ACT OF 1934".

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

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

11 **38-35.7-111. Disclosure - metropolitan district website -**
12 **residences within the boundaries of a metropolitan district.** ON OR
13 AFTER JANUARY 1, 2024, AN OWNER OF RESIDENTIAL REAL PROPERTY
14 THAT IS LOCATED WITHIN THE BOUNDARIES OF A METROPOLITAN DISTRICT
15 ORGANIZED ON OR AFTER JANUARY 1, 2000, THAT SELLS THE PROPERTY
16 SHALL PROVIDE THE PURCHASER OF THE PROPERTY WITH THE OFFICIAL
17 WEBSITE ESTABLISHED BY THE METROPOLITAN DISTRICT PURSUANT TO
18 SECTION 32-1-104.5 (3). THE INFORMATION SHALL BE PROVIDED ON THE
19 COLORADO REAL ESTATE COMMISSION APPROVED SELLER'S PROPERTY
20 DISCLOSURE OR OTHER CONCURRENT WRITING.

21 **SECTION 6. Act subject to petition - effective date.** This act
22 takes effect at 12:01 a.m. on the day following the expiration of the
23 ninety-day period after final adjournment of the general assembly; except
24 that, if a referendum petition is filed pursuant to section 1 (3) of article V
25 of the state constitution against this act or an item, section, or part of this
26 act within such period, then the act, item, section, or part will not take
27 effect unless approved by the people at the general election to be held in

- 1 November 2024 and, in such case, will take effect on the date of the
- 2 official declaration of the vote thereon by the governor.