

CHAPTER 49

**CORRECTIONS**

**HOUSE BILL 94-1099**

BY REPRESENTATIVES Shoemaker, Eisenach, Reeves, and Wright;  
also SENATORS Bishop, Cassidy, Martinez, Norton, Peterson, and Wham.

**AN ACT**

**CONCERNING THE ENTERPRISE STATUS OF THE DIVISION OF CORRECTIONAL INDUSTRIES.**

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

**SECTION 1.** 17-24-104 (1), Colorado Revised Statutes, 1986 Repl. Vol., is amended, and the said 17-24-104 is further amended BY THE ADDITION OF A NEW SUBSECTION, to read:

**17-24-104. Creation of division of correctional industries and advisory committee - enterprise status of division - duties of committee - sunset review of committee.** (1) There is hereby created in the department of corrections the division of correctional industries, which shall be under the direction of the director of correctional industries, who shall be appointed by the executive director of the department of corrections pursuant to section 13 of article XII of the state constitution. THE DIVISION SHALL CONSTITUTE AN ENTERPRISE FOR THE PURPOSES OF SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION SO LONG AS IT RETAINS THE AUTHORITY TO ISSUE REVENUE BONDS AND RECEIVES LESS THAN TEN PERCENT OF ITS TOTAL ANNUAL REVENUES IN GRANTS, AS DEFINED IN SECTION 24-77-102 (7), C.R.S., FROM ALL COLORADO STATE AND LOCAL GOVERNMENTS COMBINED. SO LONG AS IT CONSTITUTES AN ENTERPRISE PURSUANT TO THE PROVISIONS OF THIS SECTION, THE DIVISION OF CORRECTIONAL INDUSTRIES SHALL NOT BE A DISTRICT FOR PURPOSES OF SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION.

(5) (a) THE ADVISORY COMMITTEE SHALL CONSIDER THE ADVISABILITY OF ISSUING ANY REVENUE BONDS AND MAKE RECOMMENDATIONS IN THE FORM OF A RESOLUTION TO THE DIRECTOR. A MAJORITY OF THE MEMBERS OF THE ADVISORY COMMITTEE AT ANY MEETING DULY CALLED BY THE CHAIRMAN HAS FULL POWER TO ACT UPON AND MAKE SUCH RECOMMENDATIONS. ANY RESOLUTION AUTHORIZING THE ISSUANCE OF

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*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

BONDS UNDER THE TERMS OF THIS SECTION SHALL INCLUDE:

(I) THE DATE OF ISSUANCE OF THE BONDS;

(II) THE MATURITY DATE OR DATES DURING A PERIOD NOT TO EXCEED THIRTY YEARS FROM THE DATE OF ISSUANCE OF THE BONDS;

(III) THE INTEREST RATE OR RATES ON, AND THE DENOMINATION OR DENOMINATIONS OF, THE BONDS;

(IV) THE FORM OF THE BOND, WHETHER BEARER OR REGISTERED; AND

(V) THE MEDIUM OF PAYMENT OF THE BONDS AND THE PLACE WHERE THE BONDS WILL BE PAID.

(b) ANY RESOLUTION AUTHORIZING THE ISSUANCE OF BONDS UNDER THE TERMS OF THIS SECTION MAY:

(I) STATE THAT THE BONDS ARE TO BE ISSUED IN ONE OR MORE SERIES;

(II) STATE A RANK OR PRIORITY OF THE BONDS; AND

(III) PROVIDE FOR REDEMPTION OF THE BONDS PRIOR TO MATURITY, WITH OR WITHOUT PREMIUM.

(c) A RESOLUTION PERTAINING TO ISSUANCE OF BONDS UNDER THIS SECTION MAY CONTAIN COVENANTS AS TO:

(I) THE PURPOSE TO WHICH THE PROCEEDS OF SALE OF THE BONDS MAY BE APPLIED AND TO THE USE AND DISPOSITION THEREOF;

(II) SUCH MATTERS AS ARE CUSTOMARY IN THE ISSUANCE OF REVENUE BONDS INCLUDING, WITHOUT LIMITATION, THE ISSUANCE AND LIEN POSITION OF OTHER OR ADDITIONAL BONDS; AND

(III) BOOKS OF ACCOUNT AND THE INSPECTION AND AUDIT THEREOF.

(d) THE COMMITTEE MAY PROVIDE FOR PREFERENTIAL SECURITY FOR ANY BONDS, BOTH PRINCIPAL AND INTEREST, TO BE ISSUED UNDER THIS SECTION TO THE EXTENT DEEMED FEASIBLE AND DESIRABLE BY SUCH COMMITTEE OVER ANY BONDS THAT MAY BE ISSUED THEREAFTER.

(e) UPON ISSUANCE OF A BOND BY THE DIVISION PURSUANT TO THE PROVISIONS OF SECTION 17-24-106.3, ANY RESOLUTION MADE PURSUANT TO THE TERMS OF THIS SECTION SHALL BE DEEMED A CONTRACT WITH THE HOLDERS OF THE BONDS, AND THE DUTIES OF THE COMMITTEE UNDER SUCH RESOLUTION SHALL BE ENFORCEABLE BY ANY APPROPRIATE ACTION IN A COURT OF COMPETENT JURISDICTION.

**SECTION 2.** 17-24-106 (1), Colorado Revised Statutes, 1986 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

**17-24-106. General powers of the division.** (1) In addition to any other powers granted to the division by this article, the division shall have the following powers:

(s) TO AUTHORIZE AND ISSUE REVENUE BONDS PURSUANT TO THE PROVISIONS OF SECTION 17-24-106.3.

**SECTION 3.** Article 24 of title 17, Colorado Revised Statutes, 1986 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW SECTION to read:

**17-24-106.3. Revenue bonds - authority - issuance - requirements - covenants.** (1) (a) SUBJECT TO THE PRIOR APPROVAL OF THE CORRECTIONAL INDUSTRIES ADVISORY COMMITTEE ACTING BY RESOLUTION IN ACCORDANCE WITH THE PROVISIONS OF SECTION 17-24-104 (5) AND FROM BOTH HOUSES OF THE GENERAL ASSEMBLY ACTING EITHER BY BILL OR JOINT RESOLUTION, THE DIVISION MAY, IN ACCORDANCE WITH THE REQUIREMENTS OF SUBSECTION (2) OF THIS SECTION, AUTHORIZE AND ISSUE REVENUE BONDS IN AN AMOUNT NOT TO EXCEED ONE MILLION DOLLARS IN THE AGGREGATE FOR EXPENSES OF THE DIVISION.

(b) ALL BONDS ISSUED BY THE DIVISION SHALL PROVIDE THAT:

(I) NO HOLDER OF ANY SUCH BOND MAY COMPEL THE STATE OR ANY SUBDIVISION THEREOF TO EXERCISE ITS APPROPRIATION OR TAXING POWER; AND

(II) THE BOND DOES NOT CONSTITUTE A DEBT OF THE STATE AND IS PAYABLE ONLY FROM THE NET REVENUES ALLOCATED TO THE DIVISION FOR EXPENSES AS DESIGNATED IN SUCH BOND.

(2) ANY BONDS ISSUED PURSUANT TO THE TERMS OF THIS SECTION MAY BE SOLD AT PUBLIC OR PRIVATE SALE. IF BONDS ARE TO BE SOLD AT A PUBLIC SALE, THE DIVISION SHALL ADVERTISE THE SALE IN SUCH MANNER AS THE GENERAL ASSEMBLY AUTHORIZES BY BILL OR JOINT RESOLUTION. ALL BONDS ISSUED PURSUANT TO THE TERMS OF THIS SECTION SHALL BE SOLD AT A PRICE NOT LESS THAN THE PAR VALUE THEREOF, TOGETHER WITH ALL ACCRUED INTEREST TO THE DATE OF DELIVERY.

(3) NOTWITHSTANDING ANY PROVISIONS OF THE LAW TO THE CONTRARY, ALL BONDS ISSUED PURSUANT TO THIS SECTION ARE NEGOTIABLE.

(4) BONDS ISSUED UNDER THIS SECTION SHALL BE VALID AND BINDING OBLIGATIONS, REGARDLESS OF WHETHER, PRIOR TO THE DELIVERY THEREOF AND PAYMENT THEREFOR, ANY OR ALL OF THE PERSONS WHOSE SIGNATURES APPEAR THEREON HAVE CEASED TO SERVE IN THEIR OFFICIAL CAPACITIES.

(5) (a) EXCEPT AS OTHERWISE PROVIDED IN A RESOLUTION AUTHORIZING BONDS PURSUANT TO THE PROVISIONS OF SECTION 17-24-104 (5), ALL BONDS OF THE SAME ISSUE UNDER THIS SECTION SHALL HAVE A PRIOR AND PARAMOUNT LIEN ON THE NET REVENUES PLEDGED THEREFOR.

(b) BONDS OF THE SAME ISSUE OR SERIES ISSUED UNDER THIS SECTION SHALL BE EQUALLY AND RATABLY SECURED, WITHOUT PRIORITY BY REASON OF NUMBER, DATE, SALE, EXECUTION, OR DELIVERY, BY A LIEN ON THE NET REVENUE PLEDGED IN ACCORDANCE WITH THE TERMS OF THE RESOLUTION AUTHORIZING THE BONDS.

**SECTION 4. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: March 22, 1994