A BILL FOR AN ACT

CONCERNING INCREASED OPTIONS FOR FINANCING FOREST HEALTH PROJECTS, AND, IN CONNECTION THERewith, FINANCING WILDFIRE MITIGATION TREATMENTS.

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 provides additional options for financing forest health projects by authorizing:

- A separate legal entity created by a combination of local governments as authorized by current law to establish special improvement districts within the boundaries of the
combination and levy special assessments on property specially benefited by improvements, functions, services or facilities, including forest health projects, that the separate legal entity is authorized to provide;

- Counties, municipalities, special districts, water conservancy districts, the Colorado river water conservation district, and the southwestern water conservation district to conduct or participate in and finance forest health projects; and

- Authorizing a forest improvement district to use its sales tax revenue for forest health projects.

The bill also postpones the scheduled repeal of the statute that authorizes the Colorado water resources power and development authority to issue bonds to fund watershed protection projects and forest health projects from July 1, 2023, to July 1, 2033.

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

**SECTION 1.** In Colorado Revised Statutes, 29-1-203.5, amend (1)(a); and add (3)(c) as follows:

**29-1-203.5. Separate legal entity established under section 29-1-203 - legal status - authority to exercise special district powers - additional financing powers.** (1) (a) Any combination of counties, municipalities, special districts, or other political subdivisions of this state that are each authorized to own, operate, finance, or otherwise provide public improvements, for any function, service, or facility functions, services, or facilities may enter into a contract under section 29-1-203 to establish a separate legal entity to provide any such public improvements, functions, services, or facilities. Any separate legal entity established is a political subdivision and public corporation of the state and is separate from the parties to the contract if the contract or an amendment to the contract states that the entity is formed in conformity with the provisions of this section and that the provisions of this section apply to the entity.
(3) In addition to any other powers set forth in a contract entered
into pursuant to section 29-1-203 that establishes a separate legal entity
and specifies that the provisions of this section apply to the entity, such
an entity has the following powers:

(c) (I) To establish special improvement districts within
the boundaries of and with the consent of any of the counties,
municipalities, special districts, or other political subdivisions
that contract to establish the separate legal entity and levy
special assessments on property specially benefited by
improvements, functions, services or facilities, including forest
health projects, as defined in section 37-95-103 (4.9), that the
separate legal entity is authorized to provide.

(II) The name of a special improvement district must
include the name of the separate legal entity that established
it.

(III) Assessments must be levied on a frontage, area, zone,
or other equitable basis and only:

(A) With the written consent of all of the owners of the
property to be assessed; or

(B) Upon approval of a majority of the eligible electors,
as defined in section 32-1-103 (5), within the special improvement
district voting thereon.

(IV) The method of creating a special improvement
district, undertaking the improvements, functions, services, or
facilities specified for the special improvement district, and
levying and collecting assessments for the costs of such
undertaking specified for the special improvement district shall
BE, AS PROVIDED IN PART 5 OF ARTICLE 25 OF TITLE 31, AS AMENDED, SUBJECT TO THE FOLLOWING:

   (A) THE SEPARATE LEGAL ENTITY SHALL HAVE ALL THE RIGHTS, POWERS, AND DUTIES OF THE MUNICIPALITY AS SET FORTH IN PARTS 5 AND 11 OF ARTICLE 25 OF TITLE 31;

   (B) THE BOARD OF DIRECTORS SHALL PERFORM THE DUTIES OF THE GOVERNING BODY AS SET FORTH IN PART 5 OF ARTICLE 25 OF TITLE 31;

   (C) THE BOARD OF DIRECTORS SHALL APPOINT A CHAIR WHO SHALL PERFORM THE DUTIES OF THE MAYOR AS SET FORTH IN PART 5 OF ARTICLE 25 OF TITLE 31;

   (D) THE BOARD OF DIRECTORS SHALL APPOINT AN INDIVIDUAL TO PERFORM THE DUTIES OF THE MUNICIPAL CLERK AS SET FORTH IN PART 5 OF ARTICLE 25 OF TITLE 31;

   (E) THE BOARD OF DIRECTORS SHALL APPOINT AN INDIVIDUAL TO PERFORM THE DUTIES OF THE MUNICIPAL TREASURER AS SET FORTH IN PART 5 OF ARTICLE 25 OF TITLE 31; AND

   (F) ALL ACTIONS TAKEN BY THE BOARD OF DIRECTORS PURSUANT TO THE PROVISIONS OF PART 5 OF ARTICLE 25 OF TITLE 31 SHALL BE BY RESOLUTION, NOTWITHSTANDING ANY REFERENCE IN SAID PART 5 TO ACTION BY ORDINANCE.

SECTION 2. In Colorado Revised Statutes, 30-11-101, amend (1) introductory portion; and add (1)(l) as follows:

30-11-101. Powers of counties. (1) Each organized county within the state shall be is a body corporate and politic and as such shall be is empowered for the following purposes:

   (l) TO CONDUCT OR PARTICIPATE IN FOREST HEALTH PROJECTS AS DEFINED IN SECTION 37-95-103 (4.9) WITHIN AND OUTSIDE THE
BOUNDARIES OF THE COUNTY.

SECTION 3. In Colorado Revised Statutes, 30-11-104.1, amend (1) as follows:

30-11-104.1. Lease-purchase agreements. (1) In order to provide for financing of a public park, a public trail, a public golf course, or public open space, or a courthouse, jail, or other county building or equipment used, or to be used, for governmental purposes, OR FOR FINANCING OF A FOREST HEALTH PROJECT AS DEFINED IN SECTION 37-95-103 (4.9), any county is authorized to enter into lease-purchase agreements.

SECTION 4. In Colorado Revised Statutes, amend 31-15-801 as follows:

31-15-801. Agreements - ordinance - financing. In order to provide necessary land, buildings, equipment, and other property for governmental or proprietary purposes OR FOR FINANCING OF FOREST HEALTH PROJECTS, AS DEFINED IN SECTION 37-95-103 (4.9), any municipality is authorized to enter into long-term rental or leasehold agreements, but in no event shall this be construed as authorizing the use by any municipality of leasehold agreements to finance residential housing. Such agreements may include an option to purchase and acquire title to such leased or rented property within a period not exceeding the useful life of such property and in no case exceeding thirty years. Each such agreement and the terms thereof shall be concluded by an ordinance duly enacted by the municipality. No such ordinance shall take effect before thirty days after its passage and publication. The governing body of any municipality is authorized to provide for the payment of said rentals from a general levy imposed upon both personal and real property
included within the boundaries of the municipality; by imposing rates, tolls, and service charges for the use of such property or any part thereof by others; from any other available municipal income; or from any one or more of the said sources. The obligation to pay such rentals shall not constitute an indebtedness of said municipality within the meaning of the constitutional limitations on contracting of indebtedness by municipalities.

SECTION 5. In Colorado Revised Statutes, 31-15-901, recreate and reenact, with amendments, (1)(d) as follows:

31-15-901. Miscellaneous powers. (1) The governing body of each municipality has the power:

(d) TO CONDUCT OR PARTICIPATE IN FOREST HEALTH PROJECTS, AS DEFINED IN SECTION 37-95-103 (4.9), WITHIN AND OUTSIDE THE MUNICIPAL BOUNDARIES THAT BENEFIT MUNICIPAL PROPERTY OR IMPROVEMENTS, INCLUDING WATER COLLECTION AND SUPPLY FACILITIES, OR REDUCE THE RISK OF WILDFIRE WITHIN THE MUNICIPALITY AND WATERSHEDS WITHIN WHICH THE MUNICIPALITY COLLECTS, TRANSPORTS, OR STORES ITS WATER SUPPLY.

SECTION 6. In Colorado Revised Statutes, 32-1-1001, add (3) as follows:

32-1-1001. Common powers - definitions. (3) THE GOVERNING BODY OF A SPECIAL DISTRICT MAY CONDUCT OR PARTICIPATE IN FOREST HEALTH PROJECTS, AS DEFINED IN SECTION 37-95-103 (4.9), WITHIN AND OUTSIDE THE DISTRICT BOUNDARIES THAT BENEFIT DISTRICT PROPERTY OR IMPROVEMENTS. THE GOVERNING BODY OF ANY SPECIAL DISTRICT THAT PROVIDES FIRE PROTECTION SERVICES MAY ALSO CONDUCT OR PARTICIPATE IN SUCH FOREST HEALTH PROJECTS WITHIN AND OUTSIDE THE
DISTRICT BOUNDARIES THAT REDUCE THE RISK OF WILDFIRE WITHIN THE
DISTRICT. TO SECURE AND PROTECT AN ADEQUATE SUPPLY OF WATER, THE
GOVERNING BODY OF ANY SPECIAL DISTRICT THAT PROVIDES WATER
SERVICES MAY ALSO CONDUCT OR PARTICIPATE IN SUCH FOREST HEALTH
PROJECTS WITHIN AND OUTSIDE THE DISTRICT BOUNDARIES THAT REDUCE
THE RISK OF WILDFIRE WITHIN THE WATERSHEDS WITHIN WHICH THE
DISTRICT COLLECTS, TRANSPORTS, OR STORES ITS WATER SUPPLY.

SECTION 7. In Colorado Revised Statutes, 32-1-1101.7, amend
(1) as follows:

32-1-1101.7. Establishment of special improvement districts
within the boundaries of a special district. (1) A special district may
establish a special improvement district within the boundaries of the
special district to finance all or part of the costs of any improvements,
INCLUDING FOREST HEALTH PROJECTS, AS DEFINED IN SECTION 37-95-103
(4.9), that the special district is authorized to finance if the power to levy
assessments is authorized in the special district's service plan or statement
of purposes or approved in writing by the county or municipality that
approved the special district's service plan or accepted the special
district's statement of purposes. The name of a special improvement
district established on or after August 5, 2015, must include the name of
the special district that established the special improvement district.

SECTION 8. In Colorado Revised Statutes, 32-18-108, amend
(1)(d) and (1)(e); and add (1)(f) as follows:

32-18-108. Use of revenue. (1) The board may use the revenue
received pursuant to section 32-18-106 to:

(d) Match state and federal grants for bioheating conversion and
infrastructure support for biomass collection and delivery; and
(e) Assist the state forest service in ensuring that all communities at risk of wildfire within the district have adopted a community wildfire protection plan and are using appropriate planning, education, and outreach tools; AND

(f) CONDUCT OR PARTICIPATE IN FOREST HEALTH PROJECTS, AS DEFINED IN SECTION 37-95-103 (4.9).

SECTION 9. In Colorado Revised Statutes, 37-45-118, add (3) as follows:

37-45-118. General powers. (3) TO SECURE AND PROTECT AN ADEQUATE SUPPLY OF WATER, A DISTRICT MAY CONDUCT OR PARTICIPATE IN FOREST HEALTH PROJECTS, AS DEFINED IN SECTION 37-95-103 (4.9), WITHIN AND OUTSIDE THE DISTRICT BOUNDARIES THAT REDUCE THE RISK OF WILDFIRE WITHIN THE WATERSHEDS WITHIN WHICH THE DISTRICT COLLECTS, TRANSPORTS, OR STORES ITS WATER SUPPLY. IN ADDITION TO ANY OTHER DISTRICT FINANCIAL POWERS, A DISTRICT MAY ACQUIRE, SELL, OR LEASE REAL OR PERSONAL PROPERTY AND ENTER INTO LEASE-PURCHASE AGREEMENTS AS SET FORTH IN SECTION 29-1-103.

SECTION 10. In Colorado Revised Statutes, 37-46-148, add (2) as follows:

LEASE-PURCHASE AGREEMENTS AS SET FORTH IN SECTION 29-1-103.

SECTION 11. In Colorado Revised Statutes, 37-47-107, add (3)
as follows:

37-47-107. Powers of district. (3) To secure and protect an
adequate supply of water, the district may conduct or
participate in forest health projects, as defined in section
37-95-103 (4.9), within and outside the district boundaries that
reduce the risk of wildfire within the watersheds within which
the district collects, transports, or stores its water supply. In
addition to any other district financial powers, the district may
acquire, sell, or lease real or personal property and enter into
lease-purchase agreements as set forth in section 29-1-103.

SECTION 12. In Colorado Revised Statutes, 37-95-112.5, amend
(5) as follows:

37-95-112.5. Watershed protection and forest health projects
- repeal. (5) This section is repealed, effective July 1, 2023.
Such repeal shall not nullify, abrogate, alter, or otherwise affect any
extant obligations under this article. ARTICLE 95 at the time of the repeal.

SECTION 13. Safety clause. The general assembly hereby finds,
determines, and declares that this act is necessary for the immediate
preservation of the public peace, health, or safety.