



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Final Fiscal Note

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<b>Drafting Number:</b>	LLS 24-0169	<b>Date:</b>	June 13, 2024
<b>Prime Sponsors:</b>	Rep. Jodeh; Bacon Sen. Coleman; Hansen	<b>Bill Status:</b>	Signed into Law
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<b>Bill Topic:</b>	<b>METROPOLITAN DISTRICT COVENANT ENFORCEMENT POLICY</b>
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<b>Summary of Fiscal Impact:</b>	<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input checked="" type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

The bill creates requirements for covenant enforcement and design review services for metropolitan districts. It increases state and local revenue and expenditures on an ongoing basis.

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

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**Fiscal Note Status:** The final fiscal note reflects the enacted bill.

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## Summary of Legislation

The bill requires metropolitan districts to comply with certain procedural requirements for covenant enforcement and design review services. Under these requirements, the board of a metropolitan district:

- Must adopt written policies by January 1, 2025, that govern the imposition of fines and establish the procedure for disputes between the district and unit owners. These must include a schedule of fines for alleged violations that are continuous and repetitive in nature;
- Must establish a fair and impartial fact-finding process that gives a unit owner notice and an opportunity for a hearing;
- Cannot foreclose on a lien based on resident's delinquent fees, penalties, or other charges owed to the district; and,
- Cannot charge a unit owner for any court costs and attorney fees when a court determines the owner did not commit an alleged violation; and,

- Cannot prohibit residents from displaying flags and signs, parking a motor vehicle in a driveway as a condition of employment with emergency services, removing vegetation for fire mitigation purposes in accordance with a written defensible space plan, modifying a property to accommodate an individual with disabilities, using a rain barrel, using drought-tolerant or nonvegetative landscapes to provide ground cover, operating a family child care home, or installing renewable energy generation devices.

## State Revenue and Expenditures

The bill may increase Judicial Department workload and revenue on an ongoing basis. Adding new restrictions to covenant enforcement services may lead to disputes between a metropolitan district and unit owners, which may bring new cases to trial courts. However, any increase in workload is expected to be minimal and absorbable within existing resources. In addition, the bill may increase cash fund revenue to the Judicial Department from new civil case filings. Any increase in revenue, which is subject to TABOR, is expected to be minimal.

## Local Government

The bill increases workload for metropolitan districts that provide covenant enforcement and design review services, as these districts will need to develop written policies on fines and disputes. The bill may also increase expenditures for these districts due to the inability to bill unit owners for attorneys' fees in certain situations. Districts could also lose revenue from not being able to foreclose on a lien due to delinquent charges, though this practice is rare.

## Effective Date

The bill was signed into law by the Governor on April 19, 2024, and takes effect on August 7, 2024, assuming no referendum petition is filed.

## State and Local Government Contacts

Counties	County Clerks	District Attorneys
Judicial	Local Affairs	Municipalities
Special District Association		

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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).