

**Please Support HB22-1363**  
**Reps. Weissman & Boesnecker**  
**ENHANCED OVERSIGHT OF METROPOLITAN DISTRICTS**

**Background**

- **Key terms**
  - **Title 32 district** – ANY district formed under Title 32, CRS (incl RTD, SCFD)
  - **Special district** – district formed under 32-1 CRS for ONE of the allowable purposes
  - **Metropolitan district** – district formed under 32-1 CRS for 2 OR MORE allowable purposes (Fire protection; Mosquito control; Parks & recreation; Safety protection; Sanitation; Solid waste disposal facilities or collection & transportation of solid waste; Street improvement; Television relay & translation; Transportation; Water).<sup>1</sup>
- **A metropolitan (“metro”) district is a government.** The “constitution” limiting what metro districts can do is the Special District Act (Title 32, Article 1, CRS).
- A metro district is created when district proponents propose a “service plan” to a city or a county; the city or county approves the service plan; and a district court issues a decree approving the district.
- **A metro district can issue debt and levy taxes to pay off the debt.** By the mid-2010s, authorized but unissued metro district debt exceeded \$1 TRILLION. At the same time, state government debt was less than \$20 billion.
- **There are over 2,100 metro districts in the state** – up from under 200 about 20 years ago.<sup>2</sup>
- **Given this proliferation of metro districts & metro district debt, HB 1363 seeks to:**
  - **Create additional transparency**
  - **Allow municipal and county governments to become more involved in metro district oversight, in order to protect present and future taxpaying residents**
  - **Curtail problematic practices concerning metro district debt**

**Overview of the bill**

- **Enhanced oversight** – at their discretion – by authorizing local governments (cities or counties) - §§ 3, 4, 5, 7, 8, 9, 13.
- **Enhanced transparency** – basic reporting to DOLA by entities who don’t now report - § 2.
- **Ban on conflicted purchase of debt** – district directors who vote to authorize debt may not thereafter benefit from purchasing that debt and collecting interest payments - §§ 6, 10, 14. **Individuals on “both sides of a transaction” should not be able to profit via interest payments paid by taxation of future residents.**
- **Ban on super-long term debt** exceeding 30 years for residential districts.
- **Accessible meetings** – solely in person meetings must be in district or at least in-county. Virtual meetings allowed - § 11.
- **Districts may no longer enforce private covenants** - § 12.

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<sup>1</sup> CRS 32-1-103(10).

<sup>2</sup> <https://dola.colorado.gov/lgis/lgType.jsf> - retrieved 4/17/22.

## Section by Section Summary

1. Legislative declaration
2. **Transparency requirements** for “separate legal entities” formed under Title 29 – to conform with transparency requirements already required of Special Districts
3. Additional information on metro district web site – **at the discretion of city or county**
4. **Allow a city to exercise oversight powers** originally exercised by county if area has become annexed into the city.
5. **Additional details required in service plan.** Also remove artificial cap on review fee so proponents of district pay for review, not the county’s taxpayers.
6. **Limitations on indebtedness for residential metro districts – A) entities with a conflict of interest may not purchase district debt B) debt term may not exceed 30 years**
7. **City, in its discretion, may establish its own criteria** for review of special district.
8. **Allow a city to exercise oversight powers** originally exercised by county if area has become annexed into the city.
9. **Heightened review by city or county when district requests “material modifications”** to service plan. Also allow the city or county to charge a fee for review of requested changes so this cost does not fall on the taxpayers generally.
10. **Anti-conflict of interest provision** – special district board member shall not thereafter acquire debt the board member voted to approve.
11. **Accessible district board meetings** – physical board meetings must be held in the district or in a county in which the district is located.
12. **Private covenants & metro districts** – after 9/1/22, no district may newly enter into an agreement to enforce private covenants, and no existing agreement may be renewed. Covenants are PRIVATE agreements and governments do not historically get involved in covenant enforcement.
13. **Greater financial oversight** – city or county may (is not required to) require a “finding of reasonable diligence” of a special district it oversees. This is a means for the authorizing local government to assess the special district’s financial health and progress toward the service plan.
14. **Anti-conflict of interest provision** (see also § 10) – a special district director who is proven by a preponderance of the evidence (customary civil law standard) to have acquired debt the director voted to approve breaches the public trust.
15. **Petition clause**