



HB22-1363

SHORT TITLE: Accountability to Taxpayers Special Districts

LONG TITLE: Concerning measures to increase the accountability of special districts to taxpayers.

SPONSORS: Representatives Weissman and Boesenecker

COMMITTEES: House Transportation & Local Government Committee

PURPOSE OF THE BILL: To provide greater transparency for purchasers and taxpayers in a special district, particularly for metropolitan districts, concerning the financial dealings and obligations of the district.

PROPONENTS OF THE BILL: Critics of metropolitan districts

POTENTIAL STAKEHOLDERS: Special district association, residential housing developers, developers of commercial industrial and office parks, chambers of commerce, home builders, contractors, municipal and county government.

BACKGROUND: In recent years there have been new special districts formed to provide services to new developments. Purchasers of properties in those districts are frequently unaware of the tax burden and obligations they will face due to decisions made by persons affiliated with the developer and who do not live in the district and bear the costs.

Is this bill necessary this year? There are no deadlines.

How does the bill change current law? It adds requirements for persons forming special districts, specifically (according to the fiscal note writer):

- requires separate legal entities established by one or more special districts to file board information, including oaths and bonds, with the Department of Local Affairs (DOLA);
- authorizes municipalities and counties to require special districts to include additional information on the special district's website;
- adds information that special districts must include in financial plans, including planned improvements and projected financing, terms for any intergovernmental or extraterritorial service agreements, descriptions of relationships between the district organizers and property owners, and the identification of all fees the district may impose;
- prohibits approval of service plans that include the issuance of any financial instrument with repayment terms exceeding thirty years, and prohibits the purchase of district debt by directors with a conflict of interest;
- expands the circumstances under which material modifications to service plans require county or municipality approval;
- authorizes counties and municipalities to impose an annual fee to offset costs in ensuring compliance with service plans;

- prohibits directors who approved the issuance of debt to acquire any interest in the debt;
- prohibits directors from meeting outside of district boundaries;
- phases out the use of metropolitan district boards for covenant enforcement; and
- changes current five-year reviews of due diligence to an annual review.

Does the bill affect the prior appropriations system? No.

How is the bill implemented? Through requirements set by local governments and DOLA

Practical Considerations: Will this discourage development of new residential housing or business development?

Fiscal Impact: According to the Fiscal Note, no appropriation is required