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Fiscal Note

Drafting Number: LLS 21-0983 Date: May 12, 2021
Prime Sponsors: Sen. Zenzinger; Gardner Bill Status: Senate Local Government
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Bill Topic: SPECIAL DISTRICT TRANSPARENCY

Summary of Fiscal Impact:
State Revenue [] TABOR Refund []
State Expenditure [x] Local Government [x]
State Transfer [] Statutory Public Entity []

The bill changes multiple provisions related to special district websites, disclosures, and annual reporting. The bill increases state and local government workload and expenditures on an ongoing basis.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Summary of Legislation

The bill makes multiple changes to the statutory provisions related to special districts. Notably, this bill:

- changes the required methods of election notice in a call for nominations;
requires that active special districts created since 2000 maintain a website with specified content;
modifies the content requirements of annual reports and allows for electronic submission to counties or municipalities; and
limits a special district's power of eminent domain to areas within the boundaries of the service plan, and only with a written resolution from the overlapping local government.

When a special district has entered into contracts with private entities for design and construction services, the bill requires that an engineer certify certain cost reimbursements as reasonable, that the public improvements comply with construction standards, and that the improvements are fit for their intended purpose. Finally, beginning January 1, 2022, the bill requires that sellers of newly constructed residences provide certain information and disclosures to a home buyer related to a metropolitan district's service plan, debt issuance, applicable mill levies of the district and overlapping jurisdictions, and an estimate of property taxes.

State Expenditures

The Division of Local Government in the Department of Local Affairs will have increased workload to receive and process annual reports from all metropolitan districts created after July 1, 2000. Since most special district websites and annual reports are filed electronically, processing time and workload will be minimal.

Local Government

The bill increases workload and expenditures for special districts. Workload will increase to comply with annual reporting and disclosure requirements. Expenditures will increase for districts that must contract an engineer to certify aspects of contracted services with private entities. Expenditures will also increase for any special district created since 2000 that does not have a website meeting the bill's specifications. According to current estimates, about 1,000 active metropolitan districts do not have websites. The State Internet Portal Authority (SIPA) provides web hosting service at reduced cost to some special districts, and other districts may have hosting options with the district developer or development management company. Districts without these options will incur costs to develop and maintain the required website, including the purchase of a domain name, server hosting, and maintenance.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Counties	Local Affairs
Municipalities	Special Districts