

**Second Regular Session
Seventy-third General Assembly
STATE OF COLORADO**

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 22-0417.01 Megan McCall x4215

HOUSE BILL 22-1097

HOUSE SPONSORSHIP

Valdez D., Gray, Lindsay, Sandridge, Van Winkle

SENATE SPONSORSHIP

Simpson,

House Committees

Transportation & Local Government

Senate Committees

Local Government

A BILL FOR AN ACT

101 **CONCERNING THE AUTHORITY OF A BOARD OF COUNTY**
102 **COMMISSIONERS TO FILE AN APPLICATION FOR DISSOLUTION OF**
103 **A SPECIAL DISTRICT WITH THE SPECIAL DISTRICT'S BOARD OF**
104 **DIRECTORS, AND, IN CONNECTION THEREWITH, ALLOWING A**
105 **BOARD OF COUNTY COMMISSIONERS TO CONSENT TO**
106 **DISSOLUTION BY COURT ORDER WITHOUT AN ELECTION OF A**
107 **SPECIAL DISTRICT WITH NO OUTSTANDING FINANCIAL**
108 **OBLIGATIONS OR DEBT.**

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

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

SENATE
2nd Reading Unamended
March 4, 2022

HOUSE
3rd Reading Unamended
February 14, 2022

HOUSE
Amended 2nd Reading
February 11, 2022

<http://leg.colorado.gov>.)

Under current law, municipalities and regional service authorities are authorized to file an application for dissolution of a special district with the board of directors of the special district. The bill expands current law to authorize a board of county commissioners to file with the special district's board of directors an application for dissolution of the special district if the special district is wholly located in the boundaries of the county and to file jointly with another board of county commissioners a petition for dissolution of a special district located in 2 or more counties.

The bill also expands current law to allow a board of county commissioners and a special district that is wholly within the county's boundaries and that has no financial obligations or outstanding debt to mutually consent to dissolution of the special district via a court order dissolving the special district without an election.

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

2 **SECTION 1.** In Colorado Revised Statutes, 32-1-701, **amend** (5)
3 and (6); and **add** (3.5) and (3.7) as follows:

4 **32-1-701. Initiation - petition - procedure.** (3.5) IF THE
5 TERRITORY ENCOMPASSED BY A SPECIAL DISTRICT LIES WHOLLY WITHIN
6 THE BOUNDARIES OF A COUNTY, THE BOARD OF COUNTY COMMISSIONERS
7 OF ANY SUCH COUNTY MAY FILE AN APPLICATION WITH THE SPECIAL
8 DISTRICT'S BOARD OF DIRECTORS TO DISSOLVE THE SPECIAL DISTRICT, AND
9 THE SPECIAL DISTRICT'S BOARD OF DIRECTORS, PROMPTLY AND IN GOOD
10 FAITH, SHALL TAKE THE NECESSARY STEPS TO DISSOLVE THE DISTRICT IN
11 ACCORDANCE WITH THE PROCEDURES SPECIFIED IN SUBSECTION (2) OF THIS
12 SECTION; EXCEPT THAT, IF MORE THAN EIGHTY-FIVE PERCENT OF THE
13 TERRITORY ENCOMPASSED BY THE SPECIAL DISTRICT LIES WITHIN THE
14 CORPORATE LIMITS OF ONE OR MORE MUNICIPALITIES, THE SPECIAL
15 DISTRICT'S BOARD OF DIRECTORS SHALL NOT TAKE ANY ACTION ON THE
16 APPLICATION UNLESS THE GOVERNING BODIES OF ALL SUCH
17 MUNICIPALITIES HAVE CONSENTED TO OR JOINED THE APPLICATION.

1 (3.7) IF THE TERRITORY ENCOMPASSED BY A SPECIAL DISTRICT LIES
2 WITHIN THE BOUNDARIES OF TWO OR MORE COUNTIES, THE BOARD OF
3 COUNTY COMMISSIONERS OF EACH OF THE COUNTIES MAY JOINTLY FILE AN
4 APPLICATION WITH THE SPECIAL DISTRICT'S BOARD OF DIRECTORS TO
5 DISSOLVE THE SPECIAL DISTRICT, AND THE SPECIAL DISTRICT'S BOARD OF
6 DIRECTORS, PROMPTLY AND IN GOOD FAITH, SHALL TAKE THE NECESSARY
7 STEPS TO DISSOLVE THE DISTRICT IN ACCORDANCE WITH THE PROCEDURES
8 SPECIFIED IN SUBSECTION (2) OF THIS SECTION; EXCEPT THAT, IF MORE
9 THAN EIGHTY-FIVE PERCENT OF THE TERRITORY ENCOMPASSED BY THE
10 SPECIAL DISTRICT LIES WITHIN THE CORPORATE LIMITS OF ONE OR MORE
11 MUNICIPALITIES, THE SPECIAL DISTRICT'S BOARD OF DIRECTORS SHALL NOT
12 TAKE ANY ACTION ON THE APPLICATION UNLESS THE GOVERNING BODIES
13 OF ALL SUCH MUNICIPALITIES HAVE CONSENTED TO OR JOINED THE
14 APPLICATION. THE APPLICATION MUST INCLUDE THE CONSENT OF SUCH
15 COUNTIES TO ASSUME THE RESPONSIBILITIES FOR PROVIDING THE SERVICES
16 THAT HAD BEEN PROVIDED BY THE SPECIAL DISTRICT IN THEIR RESPECTIVE
17 JURISDICTIONS OR EVIDENCE OF AN AGREEMENT TO PROVIDE THE SERVICES
18 ON A CONTRACTUAL BASIS.

19 (5) If the territory encompassed by a special district lies within the
20 boundaries of two or more regional service authorities and if such service
21 authorities provide the same service as that provided by the special
22 district, the two or more service authorities may file jointly an application
23 with the board to dissolve the special district, and the board, promptly and
24 in good faith, shall take the necessary steps to dissolve such district in
25 accordance with the procedures specified in subsection (2) of this section.
26 The application ~~shall~~ MUST include the consent of such service authorities
27 to assume the responsibilities for providing the service in their respective

1 jurisdictions or the consent of one regional service authority to provide
2 the service on a contractual basis.

3 (6) Any application filed with the board to dissolve a special
4 district under subsection (2), (3), ~~(3.5), (3.7)~~, (4), or (5) of this section
5 ~~shall~~ MUST be accompanied by a cash bond in the amount of three
6 hundred dollars to cover the expenses connected with the proceedings if
7 the dissolution is not effected.

8 **SECTION 2.** In Colorado Revised Statutes, 32-1-702, **amend** (1)
9 as follows:

10 **32-1-702. Requirements for dissolution petition.** (1) A petition
11 for dissolution ~~shall~~ MUST generally describe the territory embraced in the
12 special district, ~~shall~~ MUST have a map showing the special district, a
13 current financial statement of the special district, and a plan for final
14 disposition of the assets of the special district and for payment of the
15 financial obligations of the special district, ~~shall~~ MUST state whether or
16 not the services of the special district are to be continued and, if so, by
17 what means, and ~~shall~~ MUST state whether the existing board or a portion
18 thereof ~~shall~~ IS TO continue in office, subject to court appointment to fill
19 vacancies. Said petition may provide for the regional service authority
20 board, THE BOARD OF COUNTY COMMISSIONERS, or the governing body of
21 the municipality to act as the board in accordance with ~~the provisions of~~
22 section 32-1-707.

23 **SECTION 3.** In Colorado Revised Statutes, 32-1-704, **amend**
24 (3)(b) as follows:

25 **32-1-704. Conditions necessary for dissolution - permissible**
26 **provisions - hearings - court powers.** (3) (b) (I) Subject to the
27 provisions of ~~paragraph (c) of this subsection (3)~~ SUBSECTION (3)(c) OF

1 THIS SECTION, the court shall enter an order dissolving the special district
2 pursuant to section 32-1-707 without an election if the special district lies
3 wholly within the corporate limits of the municipality, if the special
4 district has no financial obligations or outstanding bonds, and if the
5 special district board and the governing body of the municipality consent
6 to the dissolution.

7 (II) SUBJECT TO THE PROVISIONS OF SUBSECTION (3)(c) OF THIS
8 SECTION, THE COURT SHALL ENTER AN ORDER DISSOLVING THE SPECIAL
9 DISTRICT PURSUANT TO SECTION 32-1-707 WITHOUT AN ELECTION IF THE
10 SPECIAL DISTRICT LIES WHOLLY WITHIN THE COUNTY, IF THE SPECIAL
11 DISTRICT HAS NO FINANCIAL OBLIGATIONS OR OUTSTANDING BONDS, AND
12 IF THE SPECIAL DISTRICT BOARD AND THE BOARD OF COUNTY
13 COMMISSIONERS CONSENT TO THE DISSOLUTION, AND, IF MORE THAN
14 EIGHTY-FIVE PERCENT OF THE TERRITORY ENCOMPASSED BY THE SPECIAL
15 DISTRICT LIES WITHIN THE CORPORATE LIMITS OF ONE OR MORE
16 MUNICIPALITIES, THE GOVERNING BODIES OF ALL SUCH MUNICIPALITIES
17 ALSO CONSENT TO THE DISSOLUTION.

18 **SECTION 4. Act subject to petition - effective date.** This act
19 takes effect at 12:01 a.m. on the day following the expiration of the
20 ninety-day period after final adjournment of the general assembly; except
21 that, if a referendum petition is filed pursuant to section 1 (3) of article V
22 of the state constitution against this act or an item, section, or part of this
23 act within such period, then the act, item, section, or part will not take
24 effect unless approved by the people at the general election to be held in
25 November 2022 and, in such case, will take effect on the date of the
26 official declaration of the vote thereon by the governor.