

**First Regular Session  
Seventieth General Assembly  
STATE OF COLORADO**

**REVISED**

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

LLS NO. 15-0852.01 Jason Gelender x4330

**HOUSE BILL 15-1262**

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**HOUSE SPONSORSHIP**

**Rosenthal,**

**SENATE SPONSORSHIP**

**Balmer,**

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**House Committees**  
Local Government

**Senate Committees**  
Local Government

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**A BILL FOR AN ACT**

101      **CONCERNING SEPARATE LEGAL ENTITIES ESTABLISHED BY A**  
102              **CONTRACT BETWEEN TWO OR MORE POLITICAL SUBDIVISIONS**  
103              **OF THE STATE, AND, IN CONNECTION THEREWITH, CLARIFYING**  
104              **THE LEGAL STATUS AND SCOPE OF POWERS OF SUCH AN ENTITY.**

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**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 <http://www.leg.state.co.us/billsummaries>.)*

Current law allows 2 or more governments, including federal agencies and political subdivisions of a state that borders Colorado, to contract to establish a separate legal entity to provide any function,

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

SENATE  
2nd Reading Unamended  
April 23, 2015

HOUSE  
3rd Reading Unamended  
March 16, 2015

HOUSE  
Amended 2nd Reading  
March 13, 2015

service, or facility that each government has legal authority to provide on its own. The bill clarifies that a separate legal entity formed by a contract between two or more counties, municipalities, special districts, or other political subdivisions of the state:

- ! Is itself a political subdivision and public corporation of the state if the contract forms the entity in accordance with and makes the entity subject to the provisions of the bill;
- ! May, to the extent provided by the contract or an amendment to the contract and deemed by the contracting parties to be necessary or convenient to allow the entity to achieve its purposes, exercise any general power of a special district if each of the parties to the contract may lawfully exercise the power; except that it may not levy a tax or exercise the power of eminent domain if the establishing contract makes the entity subject to the provisions of the bill.
- ! Is authorized to issue tax-exempt revenue bonds, notes, or other financial obligations and acquire, sell, or lease property.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** 29-1-203.5 as  
3 follows:

4 **29-1-203.5. Separate legal entity established under section**  
5 **29-1-203 - legal status - authority to exercise special district powers**  
6 **- additional financing powers.** (1) (a) ANY COMBINATION OF COUNTIES,  
7 MUNICIPALITIES, SPECIAL DISTRICTS, OR OTHER POLITICAL SUBDIVISIONS  
8 OF THIS STATE THAT ARE EACH AUTHORIZED TO OWN, OPERATE, FINANCE,  
9 OR OTHERWISE PROVIDE PUBLIC IMPROVEMENTS FOR ANY FUNCTION,  
10 SERVICE, OR FACILITY MAY ENTER INTO A CONTRACT UNDER SECTION  
11 29-1-203 TO ESTABLISH A SEPARATE LEGAL ENTITY TO PROVIDE ANY SUCH  
12 PUBLIC IMPROVEMENTS. ANY SEPARATE LEGAL ENTITY ESTABLISHED IS A  
13 POLITICAL SUBDIVISION AND PUBLIC CORPORATION OF THE STATE AND IS  
14 SEPARATE FROM THE PARTIES TO THE CONTRACT IF THE CONTRACT OR AN

1 AMENDMENT TO THE CONTRACT STATES THAT THE ENTITY IS FORMED IN  
2 CONFORMITY WITH THE PROVISIONS OF THIS SECTION AND THAT THE  
3 PROVISIONS OF THIS SECTION APPLY TO THE ENTITY.

4 (b) A CONTRACT ESTABLISHING A SEPARATE LEGAL ENTITY  
5 DESCRIBED IN PARAGRAPH (a) OF THIS SUBSECTION (1) MUST SPECIFY:

6 (I) THE NAME AND PURPOSE OF THE ENTITY AND THE FUNCTIONS  
7 OR SERVICES TO BE PROVIDED BY THE ENTITY;

8 (II) THE ESTABLISHMENT AND ORGANIZATION OF A GOVERNING  
9 BODY OF THE ENTITY, WHICH MUST BE A BOARD OF DIRECTORS IN WHICH  
10 ALL LEGISLATIVE POWER OF THE ENTITY IS VESTED, INCLUDING:

11 (A) THE NUMBER OF DIRECTORS, THEIR MANNER OF APPOINTMENT,  
12 THEIR TERMS OF OFFICE, THEIR COMPENSATION, IF ANY, AND THE  
13 PROCEDURE FOR FILLING VACANCIES ON THE BOARD;

14 (B) THE OFFICERS OF THE ENTITY, THE MANNER OF THEIR  
15 SELECTION, AND THEIR DUTIES;

16 (C) THE VOTING REQUIREMENTS FOR ACTION BY THE BOARD;  
17 EXCEPT THAT, UNLESS SPECIFICALLY PROVIDED OTHERWISE, A MAJORITY  
18 OF DIRECTORS CONSTITUTES A QUORUM, AND A MAJORITY OF THE QUORUM  
19 IS NECESSARY FOR ANY ACTION TAKEN BY THE BOARD.

20 (2) (a) EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPH (b) OF  
21 THIS SUBSECTION (2), A SEPARATE LEGAL ENTITY ESTABLISHED BY  
22 CONTRACT PURSUANT TO SECTION 29-1-203 MAY, TO THE EXTENT  
23 PROVIDED BY THE CONTRACT OR AN AMENDMENT TO THE CONTRACT AND  
24 DEEMED BY THE CONTRACTING PARTIES TO BE NECESSARY OR CONVENIENT  
25 TO ALLOW THE ENTITY TO ACHIEVE ITS PURPOSES, EXERCISE ANY GENERAL  
26 POWER OF A SPECIAL DISTRICT SPECIFIED IN PART 10 OF ARTICLE 1 OF TITLE  
27 32, C.R.S., SO LONG AS EACH OF THE PARTIES TO THE CONTRACT MAY

1       LAWFULLY EXERCISE THE POWER.

2               (b) A SEPARATE LEGAL ENTITY ESTABLISHED BY A CONTRACT  
3       PURSUANT TO SECTION 29-1-203 THAT SPECIFIES THAT THE PROVISIONS OF  
4       THIS SECTION APPLY TO THE ENTITY MAY NOT LEVY A TAX OR EXERCISE  
5       THE POWER OF EMINENT DOMAIN.

6               (3) IN ADDITION TO ANY OTHER POWERS SET FORTH IN A CONTRACT  
7       ENTERED INTO PURSUANT TO SECTION 29-1-203 THAT ESTABLISHES A  
8       SEPARATE LEGAL ENTITY AND SPECIFIES THAT THE PROVISIONS OF THIS  
9       SECTION APPLY TO THE ENTITY, SUCH AN ENTITY HAS THE FOLLOWING  
10      POWERS:

11              (a) TO ISSUE BONDS, NOTES, OR OTHER FINANCIAL OBLIGATIONS  
12      PAYABLE SOLELY FROM REVENUE DERIVED FROM ONE OR MORE OF THE  
13      FUNCTIONS, SERVICES, SYSTEMS, OR FACILITIES OF THE SEPARATE LEGAL  
14      ENTITY, FROM MONEY RECEIVED UNDER CONTRACTS ENTERED INTO BY THE  
15      SEPARATE LEGAL ENTITY, OR FROM OTHER AVAILABLE MONEY OF THE  
16      SEPARATE LEGAL ENTITY. THE TERMS, CONDITIONS, AND DETAILS OF  
17      BONDS, NOTES, OR OTHER FINANCIAL OBLIGATIONS, INCLUDING RELATED  
18      PROCEDURES AND REFUNDING CONDITIONS, MUST BE SET FORTH IN THE  
19      RESOLUTION OF THE SEPARATE LEGAL ENTITY AUTHORIZING THE BONDS,  
20      NOTES, OR OTHER FINANCIAL OBLIGATIONS AND MUST, TO THE EXTENT  
21      PRACTICAL, BE SUBSTANTIALLY THE SAME AS THOSE PROVIDED IN PART 4  
22      OF ARTICLE 35 OF TITLE 31, C.R.S., RELATING TO WATER AND SEWER  
23      REVENUE BONDS; EXCEPT THAT THE PURPOSES FOR WHICH THE SAME MAY  
24      BE ISSUED ARE NOT LIMITED TO THE FINANCING OF WATER OR SEWERAGE  
25      FACILITIES. BONDS, NOTES, OR OTHER FINANCIAL OBLIGATIONS ISSUED  
26      UNDER THIS PARAGRAPH (a) ARE NOT AN INDEBTEDNESS OF THE SEPARATE  
27      LEGAL ENTITY OR THE COOPERATING OR CONTRACTING PARTIES WITHIN

1 THE MEANING OF ANY PROVISION OR LIMITATION SPECIFIED IN THE STATE  
2 CONSTITUTION OR LAW. EACH BOND, NOTE, OR OTHER FINANCIAL  
3 OBLIGATION ISSUED UNDER THIS PARAGRAPH (a) MUST RECITE IN  
4 SUBSTANCE THAT IT IS PAYABLE SOLELY FROM THE REVENUES AND OTHER  
5 AVAILABLE FUNDS OF THE SEPARATE LEGAL ENTITY PLEDGED FOR THE  
6 PAYMENT THEREOF AND THAT IT IS NOT A DEBT OF THE SEPARATE LEGAL  
7 ENTITY OR THE COOPERATING OR CONTRACTING PARTIES WITHIN THE  
8 MEANING OF ANY PROVISION OR LIMITATION SPECIFIED IN THE STATE  
9 CONSTITUTION OR LAW. NOTWITHSTANDING ANYTHING IN THIS  
10 PARAGRAPH (a) TO THE CONTRARY, BONDS, NOTES, AND OTHER  
11 OBLIGATIONS MAY BE ISSUED TO MATURE AT SUCH TIMES NOT BEYOND  
12 FORTY YEARS FROM THEIR RESPECTIVE ISSUE DATES, SHALL BEAR  
13 INTEREST AT SUCH RATES, AND SHALL BE SOLD AT, ABOVE, OR BELOW THE  
14 PRINCIPAL AMOUNT THEREOF, AT A PUBLIC OR PRIVATE SALE, ALL AS  
15 DETERMINED BY THE BOARD OF DIRECTORS OF THE SEPARATE LEGAL  
16 ENTITY. INTEREST ON ANY BOND, NOTE, OR OTHER FINANCIAL OBLIGATION  
17 ISSUED UNDER THIS PARAGRAPH (a) HEREOF IS EXEMPT FROM TAXATION  
18 EXCEPT AS OTHERWISE MAY BE PROVIDED BY LAW. THE RESOLUTION,  
19 TRUST INDENTURE, OR OTHER SECURITY AGREEMENT UNDER WHICH  
20 BONDS, NOTES, OR OTHER FINANCIAL OBLIGATIONS ARE ISSUED IS A  
21 CONTRACT WITH THE HOLDERS THEREOF AND MAY CONTAIN SUCH  
22 PROVISIONS AS THE BOARD OF DIRECTORS OF THE SEPARATE LEGAL ENTITY  
23 DETERMINE TO BE APPROPRIATE AND NECESSARY IN CONNECTION WITH  
24 THE ISSUANCE THEREOF AND TO PROVIDE SECURITY FOR THE PAYMENT  
25 THEREOF, INCLUDING, WITHOUT LIMITATION, ANY MORTGAGE OR OTHER  
26 SECURITY INTEREST IN REVENUE, MONEY, RIGHTS, OR PROPERTY OF THE  
27 SEPARATE LEGAL ENTITY.

1 (b) TO ACQUIRE, LEASE, AND SELL PROPERTY.

2 (4) A CONTRACT ENTERED INTO PURSUANT TO SECTION 29-1-203  
3 THAT ESTABLISHES A SEPARATE LEGAL ENTITY AND SPECIFIES THAT THE  
4 PROVISIONS OF THIS SECTION APPLY TO THE ENTITY SHALL PROVIDE THAT,  
5 UPON DISSOLUTION OF THE SEPARATE LEGAL ENTITY, ALL OF ITS PROPERTY  
6 IS TRANSFERRED TO, OR AT THE DIRECTION OF, ONE OR MORE OF THE  
7 CONTRACTING POLITICAL SUBDIVISIONS.

8 **SECTION 2. Safety clause.** The general assembly hereby finds,  
9 determines, and declares that this act is necessary for the immediate  
10 preservation of the public peace, health, and safety.