

CHAPTER 177

GOVERNMENT - SPECIAL DISTRICTS

HOUSE BILL 25-1211

BY REPRESENTATIVE(S) Stewart R. and Lieder, Woodrow, Duran, Mabrey;
also SENATOR(S) Bridges and Kirkmeyer, Amabile, Hinrichsen, Wallace.

AN ACT

CONCERNING THE PROVISION OF WATER SERVICE BY SPECIAL DISTRICTS, AND, IN CONNECTION THEREWITH, REQUIRING A SPECIAL DISTRICT TO SATISFY CERTAIN REQUIREMENTS WHEN ESTABLISHING THE AMOUNT OF A TAP FEE.

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

SECTION 1. In Colorado Revised Statutes, 32-1-1006, **amend** (1)(g); and **add** (9) as follows:

32-1-1006. Water and sanitation or water districts - additional powers - special provisions - definition. (1) In addition to the powers specified in section 32-1-1001, the board of any sanitation, water and sanitation, or water district has the following powers for and on behalf of such district:

(g) To fix and ~~from time to time to~~ ON OCCASION increase or decrease tap fees IN ACCORDANCE WITH SUBSECTION (9) OF THIS SECTION. ~~The board may pledge such revenue RAISED FROM THE IMPOSITION OF TAP FEES for the payment of any indebtedness of the special district.~~

(9)(a) THE BOARD OF A WATER AND SANITATION OR WATER DISTRICT HAS A DUTY TO PROVIDE WATER SERVICE IF THE SPECIAL DISTRICT HAS THE CAPACITY TO DO SO; EXCEPT THAT THIS SUBSECTION (9)(a) DOES NOT APPLY TO SERVICE THAT IS PROVIDED OUTSIDE A DISTRICT'S BOUNDARIES OR SERVICE AREA, INCLUDING PURSUANT TO A CONTRACT. THE TERMS OF SUCH A CONTRACT GOVERN THE TERMS OF SUCH EXTRATERRITORIAL SERVICE. AS USED IN THIS SUBSECTION (9)(a), "CAPACITY" INCLUDES CONSIDERATION OF THE PHYSICAL CAPACITY OF A DISTRICT'S EXISTING INFRASTRUCTURE; THE LEGAL CAPACITY OF THE DISTRICT, INCLUDING BUT NOT LIMITED TO THE SUFFICIENCY OF A DISTRICT'S EXISTING WATER RIGHTS PURSUANT TO THE PROVISIONS OF ANY RELEVANT DECREES TO PROVIDE WATER OR

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

SEWER SERVICE TO NEW CUSTOMERS; AND A DISTRICT'S FINANCIAL CAPACITY TO FUND ALL REQUIRED INFRASTRUCTURE AND WATER RIGHTS WITHOUT CREATING DETRIMENT OR HARM TO EXISTING CUSTOMERS.

(b) IN DETERMINING THE AMOUNT OF A TAP FEE AS DESCRIBED IN SUBSECTION (1)(g) OF THIS SECTION, THE BOARD OF A WATER AND SANITATION OR WATER DISTRICT SHALL:

(I) ENSURE THAT THE AMOUNT OF THE TAP FEE IS REASONABLY RELATED TO ALL COSTS INCURRED BY THE DISTRICT IN FUNDING AND PROVIDING WATER OR SANITATION SERVICE, WHICH COSTS MAY INCLUDE COSTS RELATING TO INFRASTRUCTURE CONSTRUCTION AND ACQUISITION, INCLUDING PERMITTED CAPACITIES FOR SUCH INFRASTRUCTURE, AS WELL AS COSTS ASSOCIATED WITH WATER RIGHTS PLANNING AND THE ACQUISITION AND DEVELOPMENT OF WATER RIGHTS, BUT WHICH COSTS DO NOT INCLUDE COSTS RELATED TO ONGOING OPERATIONS, MAINTENANCE, AND USAGE THAT IS CONSIDERED ROUTINE MONTHLY BILLING; AND

(II) BASED ON APPLICABLE PLUMBING CODES AND LAND USE JURISDICTIONAL REQUIREMENTS, AND SUBJECT TO ANY CONTRACTS RELATED TO THE PROVISION OR EXPANSION OF WATER OR SEWER SERVICE, WHICH CONTRACTS EXIST ON THE EFFECTIVE DATE OF THIS SUBSECTION (9), APPLY AT LEAST ONE OF THE FOLLOWING FACTORS IN SUPPORTING THE CALCULATION AND SETTING OF PROPORTIONAL OR REDUCED FEES:

(A) EXPECTED LONG-TERM WATER USAGE, BOTH INDOOR AND OUTDOOR, INCLUDING THE EXISTENCE OF NONNATIVE TURF GRASS AND USE OF WATER-WISE LANDSCAPING, WITH AN EMPHASIS ON NATIVE PLANTS;

(B) THE SQUARE FOOTAGE OF THE UNIT OR THE NUMBER OF BEDROOMS IN THE UNIT;

(C) THE SQUARE FOOTAGE OF THE LOT OR THE EQUIVALENT RESIDENTIAL UNIT;

(D) THE PRESENCE OF LOW-WATER-USAGE APPLIANCES, IF APPLICABLE;

(E) PER-UNIT FIXTURE COUNTS IN BATHROOMS, KITCHENS, AND OTHER SPACES, INTERIOR AND EXTERIOR, THAT PROVIDE WATER OR SANITATION SERVICE; AND

(F) THE PRESENCE OF GRAYWATER TREATMENT WORKS, AS DEFINED IN SECTION 25-8-103 (8.4) AND AS MAY BE AUTHORIZED WITHIN THE DISTRICT BOUNDARIES.

(c) NOTHING IN THIS SUBSECTION (9) PROHIBITS A DISTRICT FROM CONDITIONING A REDUCED OR PROPORTIONAL TAP FEE ON LONG-TERM COMPLIANCE WITH THE FACTORS DESCRIBED IN SUBSECTION (9)(b)(II) OF THIS SECTION, WHICH FACTORS SERVE AS THE BASIS FOR THE TAP FEE. IN THE EVENT THAT THE WATER DEMANDS OF A PROPERTY EXPAND AFTER THE ISSUANCE OF A TAP FEE BECAUSE OF INCREASED IRRIGATION, INCREASED UNIT SIZE, INCREASED FIXTURE COUNTS, OR OTHER CHANGES THAT INCREASE WATER DEMAND, THE DISTRICT MAY REQUIRE A SUPPLEMENTAL TAP FEE BASED ON THE EXPANDED WATER DEMAND.

SECTION 2. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly; except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2026 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Approved: May 9, 2025