



Special District Disclosures and Transparency Considerations

1. As part of each Purchase Agreement that is executed in Colorado, the following language is required in order to put all purchasers on notice that they may be acquiring property within the boundaries of a special district:

Special Taxing Districts. SPECIAL TAXING DISTRICTS MAY BE SUBJECT TO GENERAL OBLIGATION INDEBTEDNESS THAT IS PAID BY REVENUES PRODUCED FROM ANNUAL TAX LEVIES ON THE TAXABLE PROPERTY WITHIN SUCH DISTRICTS. PROPERTY OWNERS IN SUCH DISTRICTS MAY BE PLACED AT RISK FOR INCREASED MILL LEVIES AND TAX TO SUPPORT THE SERVICING OF SUCH DEBT WHERE CIRCUMSTANCES ARISE RESULTING IN THE INABILITY OF SUCH A DISTRICT TO DISCHARGE SUCH INDEBTEDNESS WITHOUT SUCH AN INCREASE IN MILL LEVIES. PURCHASERS SHOULD INVESTIGATE THE SPECIAL TAXING DISTRICTS IN WHICH THE PROPERTY IS LOCATED BY CONTACTING THE COUNTY TREASURER, BY REVIEWING THE CERTIFICATE OF TAXES DUE FOR THE PROPERTY, AND BY OBTAINING FURTHER INFORMATION FROM THE BOARD OF COUNTY COMMISSIONERS, THE COUNTY CLERK AND RECORDER, OR THE COUNTY ASSESSOR.

2. When property is located within the boundaries of a special district, title-work received by a property purchaser will always include an Order of Organization of the special district as part of the Exceptions to the underlying Title Policy. Purchasers should review the Exceptions for this notation and do further due diligence on the special district prior to closing. The following is the statutory reference requiring recordation of all Orders organizing a district.

Order of Organization of a Special District

Pursuant to Section 32-1-105, the Order of Organization for all special districts is required to be recorded in the Clerk and Recorder's office in which a special district is located.

3. When a special district imposes a tax on property within its boundaries, this appears on the property's tax statement from the County Treasurer. Purchasers should review the most recent tax statement to determine which entities impose a tax and at which rate.

4. Under Colorado law, additional special district notices are required to be recorded on the property. This notice set forth below and its requirements would additionally be disclosed as part of the title-work received in connection with the sale of property.

Special District Disclosure Notice per 32-1-104.8, C.R.S. (information regarding taxes and debt)

(1) Every special district shall record a special district public disclosure document and a map of the boundaries of the district with the county clerk and recorder of each county in which the district is located that provides the following information:

- (a) The name of the district;
- (b) The powers of the district as authorized by [section 32-1-1004](#) and the district's service plan or, as appropriate, the district's statement of purpose as described in [section 32-1-208](#), current as of the time of the filing;
- (c) A statement indicating that the district's service plan or, as appropriate, the district's statement of purpose as described in [section 32-1-208](#), which can be amended from time to time, includes a description of the district's powers and authority, and that a copy of the service plan or statement of purpose is available from the division; and
- (d) The following statement:

[Name of District] is authorized by Title 32 of the Colorado Revised Statutes to use a number of methods to raise revenues for capital needs and general operations costs. These methods, subject to the limitations imposed by section 20 of Article X of the Colorado Constitution, include issuing debt, levying taxes, and imposing fees and charges. Information concerning directors, management, meetings, elections and current taxes are provided annually in the Notice to Electors described § 32-1-809(1), C.R.S., which can be found at the District office, on the District's web site, on file at the Division of Local Government in the State Department of Local Affairs, or on file at the office of the clerk and recorder of each county in which the special district is located.

5. Once property is purchased within the boundaries of a special district, homeowners and residents are provided an additional transparency notice with information as set forth below. This notice may be (1) mailed to each household within the special district; (2) included as part of a newsletter or other statement, letter or notice sent to the eligible electors within a district, (3) posted on the official website of the special district, or (4) posted through the Special District Association. To the extent the transparency notice is posted on the Special District Association website, it can be accessed via the following link: <https://www.sdaco.org/cora/sda-transparency/search>.

Transparency Notice to Electors per 32-1-809, C.R.S.

No more than sixty days prior to and not later than January 15 of each year, the board shall provide notice to the eligible electors of the special district in the

manner set forth in subsection (2) of this section. The notice shall contain the following:

- (a) The address and telephone number of the principal business office of the special district;
 - (b) The name and business telephone number of the manager or other primary contact person of the special district;
 - (c) The names of and contact information for the members of the board, the name of the board chair, and the name of each member whose office will be on the ballot at the next regular special district election;
 - (d) The times and places designated for regularly scheduled meetings of the board during the year and the place where notice of board meetings is posted pursuant to [section 24-6-402\(2\)\(c\), C.R.S.](#);
 - (e) The current mill levy of the special district and the total ad valorem tax revenue received by the district during the last year;
 - (f) The date of the next regular special district election at which members of the board will be elected;
 - (g) Information on the procedure and time for an eligible elector of the special district to submit a self-nomination form for election to the board pursuant to [section 1-13.5-303, C.R.S.](#);
 - (h) Repealed by [Laws 2013, Ch. 185, § 138, eff. May 10, 2013.](#)
 - (i) The address of any website on which the special district's election results will be posted; and
 - (j) Information on the procedure for an eligible elector to apply for a permanent absentee voter status as described in [section 1-13.5-1003, C.R.S.](#) , with the special district.
6. Most jurisdictions require districts to submit an annual report to the jurisdiction setting forth various information regarding the district, including the district's current budget, latest audit, development updates, status of construction of public improvements, intergovernmental agreement entered into, and any additional information that the governing jurisdiction requests.
 7. Occasionally, jurisdictions require the governing document associated with special districts, the Service Plan, to contain disclosure requirements over and above those set forth above.
 8. In addition to the Special District Association of Colorado, residents and property owners can gain access to special district information through the Division of Local Government's "Local Government Information System." Special Districts are required to post various annual filings with the Division of Local Government, including director information, annual budgets, annual audits, current maps of the district boundaries and the underlying Service Plan. This information can be found via a search of all special districts at <https://dola.colorado.gov/lgis/>.

9. **Property Disclosure:** Owners selling newly constructed residences must provide a written disclosure to the potential purchaser concurrently with or prior to the execution of a contract to sell the property providing information on the metropolitan district in which the property is located including:
- a. A paper copy, electronic copy or website page link that provides the Notice to Electors as most recently prepared and filed by the metropolitan district;
 - b. A paper copy, electronic copy or website page link to the metropolitan district service plan or statement of purpose as filed with the Department of Local Affairs;
 - c. Associated mill levies authorized by the service plan;
 - d. Maximum debt service the metropolitan district is permitted to impose under the service plan;
 - e. Disclosure that the metropolitan district may rely on other revenue sources as allowed by the law to offset its expenses; and,
 - f. Estimated future property taxes that are applicable to the property;
 - g. The purchaser must be provided the residential assessment ration and a formula by which the estimated property taxes can be calculated for the current year
 - h. In bold face type, the seller must provide the purchaser the following statement in writing:
 - i. **THIS ESTIMATE ONLY PROVIDES AN ILLUSTRATION OF THE AMOUNT OF THE NEW PROPERTY TAXES THAT MAY BE DUE AND OWING AFTER THE PROPERTY HAS BEEN REASSESSED AND, IN SOME INSTANCES, RECLASSIFIED AS RESIDENTIAL PROPERTY. THIS ESTIMATE IS NOT A STATEMENT OF THE ACTUAL AND FUTURE TAXES THAT MAY BE DUE. FIRST YEAR PROPERTY TAXES MAY BE BASED ON A PREVIOUS YEAR'S TAX CLASSIFICATION, WHICH MAY NOT INCLUDE THE FULL VALUE OF THE PROPERTY AND, CONSEQUENTLY, TAXES MAY BE HIGHER IN SUBSEQUENT YEARS. A SELLER HAS COMPLIED WITH THIS DISCLOSURE STATEMENT AS LONG AS THE DISCLOSURE IS BASED UPON A GOOD-FAITH EFFORT TO PROVIDE ACCURATE ESTIMATES AND INFORMATION.**