



Local Governments in Colorado – Metro Districts

LAC Contact: Geoff Withers, Local Government Lobbying Team

March 2023

Colorado has a lot of local governments - currently 4,548. There are 334 general-purpose local governments: counties, towns, cities, and combined cities & counties. All the others are called a “district” or an “authority,” and are created to provide one or more services to the people living in their own distinct geographical jurisdiction. Each is some kind of educational, health, natural resource, transportation or urban type of service provider (there are 77 different specific types). Most of them have descriptive names, such as a water district or a football stadium district, but the greatest number of all those are metropolitan districts - 2302 of them, to be exact, almost half of the total number of local governments. They’ve been relatively hot topics in the news for the past few years and are becoming a political headache for the state legislature. A natural question often heard these days is “What is a Metropolitan District?”¹

Metro Districts (MDs) first were authorized by law in 1947, allowing people in rural areas to tax themselves to pay for services that they couldn’t get from their county or town: water, wastewater disposal, road maintenance, etc. – there’s a list of eleven services they can choose from. The property owners are allowed by law to vote in the MD elections if they are registered to vote anywhere in Colorado, to accommodate those who had second homes in the mountains, for example. Beginning in 1970 a person could qualify to vote if they are “obligated to pay general taxes under a contract to purchase real property within the district.” Most development of raw land in Colorado today is done in an MD with a five-member board. Each board member qualifies as a voter under this law but does not live, and probably never will live, in the district.

The MD sells (called “issuing”) bonds and uses the proceeds to finance the cost of development, to be paid back over forty years or more by the people who move into the district. Very often the bonds are sold to the district’s development company or a director, with the tax-exempt interest adding to their profit on the development.

When an MD issues debt to one of its directors, it is what’s commonly called self-dealing. The law calls it a conflict of interest but does not prevent them from doing so; it only needs to be declared. The fact is that many MD directors serve on the board by virtue of their connection to the developer – employees, spouses, and friends. They become qualified as electors in order to vote in the election to form the district since there are no residents yet that can vote, and vote themselves in as directors. Then, as directors, they direct the issuance of debt. Often, they or the developer’s company buys the debt, sometimes at an inflated interest rate. They can retain control over the district’s finances on behalf of the developer well into the future, literally as long as they want to.

¹ These numbers current as of March 12, 2023; source: Division of Local Government’s Local Government Information System at <https://dola.colorado.gov/lgis/lgType.jsf?sort=id>



The League of Women Voters takes a dim view of this shady practice, which is why an Action Alert went out on March 9 opposing [Senate Bill 23-110](#) (thank you to all who responded). It implicitly allows an MD director to self-deal, which had not been addressed in Colorado statute. Another bill this year, [House Bill 23-1090](#), would prohibit MD director self-dealing, so the League supports that bill. A lawyer once said that “corruption” happens when someone does something that they know is illegal but does it anyway. But corruption can start when developers and their inner circle enrich themselves with high-interest bonds the metro district residents must repay.