

First Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

DRAFT
11/26/24

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LLS NO. 25-0245.01 Jery Payne x2157

SENATE BILL

SENATE SPONSORSHIP

Roberts,

HOUSE SPONSORSHIP

(None),

BILL TOPIC: Septic-System Enterprise & Loan Program

A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF AN ENTERPRISE TO IMPLEMENT A**
102 **LOAN PROGRAM IN ORDER TO REPLACE FAILING SEPTIC**
103 **SYSTEMS.**

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://leg.colorado.gov>.)

The bill summary for this measure has been intentionally omitted and will appear on future redrafts of this measure.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** part 39 to article
3 32 of title 24 as follows:

4 PART 39

5 SEPTIC-SYSTEM REPLACEMENT ENTERPRISE

6 AND LOAN PROGRAM

7 **24-32-3901. Short title.** THE SHORT TITLE OF THIS PART 39 IS THE
8 "COMMUNITY LOANS FOR ESSENTIAL ACCESS TO NEW SEPTIC SYSTEMS
9 ACT" OR THE "CLEAN SEPTIC SYSTEMS ACT".

10 **24-32-3902. Legislative declaration.** (1) THE GENERAL
11 ASSEMBLY FINDS THAT:

12 (a) MANY OF COLORADO'S RURAL RESIDENTS WITH LOW INCOMES
13 DO NOT HAVE ACCESS TO FINANCING TO REPLACE FAILING SEPTIC
14 SYSTEMS;

15 (b) FAILING SEPTIC SYSTEMS WILL AFFECT THE WATER SUPPLY OF
16 PROPERTY IN THE AREA, AND THESE WATER SUPPLY PROBLEMS CAN AFFECT
17 THE HABITABILITY AND VALUE OF HOMES IN THE AREA;

18 (c) A STATE-ESTABLISHED REVOLVING LOAN PROGRAM WOULD
19 GIVE RESIDENTS WITH LOW INCOMES THE ABILITY TO REPLACE THEIR
20 SEPTIC SYSTEMS;

21 (d) THESE REPLACEMENTS HELP ALL THE HOMEOWNERS IN THE
22 AREA WHO WOULD BE AFFECTED BY BOTH THE HABITABILITY PROBLEMS
23 AND THE CONSEQUENTIAL LOWERING OF PROPERTY VALUES; AND

24 (e) BY MAKING THE LOANS AUTHORIZED BY THIS PART 39, THE
25 SEPTIC-SYSTEM REPLACEMENT ENTERPRISE OPERATES AS A BUSINESS.

26 (2) THE GENERAL ASSEMBLY FURTHER FINDS THAT, AS LOANS ARE
27 MADE AND REPAYED AND AS EACH YEAR'S FEE REVENUES ADD MONEY TO

1 THE LOAN PROGRAM, THE CAPITAL IN THE LOAN PROGRAM WILL INCREASE
2 UNTIL IT IS ABLE TO CONSISTENTLY HELP LOW-INCOME HOUSEHOLDS
3 REPLACE FAILING SEPTIC SYSTEMS.

4 (3) THE GENERAL ASSEMBLY DECLARES THAT THE FEE COLLECTED
5 BY THE ENTERPRISE IS A FEE, NOT A TAX, BECAUSE THE FEE IS IMPOSED FOR
6 THE SPECIFIC PURPOSE OF ALLOWING THE ENTERPRISE TO DEFRAY THE
7 COSTS OF PROVIDING LOANS TO HOMEOWNERS WHO HAVE FAILING SEPTIC
8 SYSTEMS. THE FEE IS COLLECTED AT A RATE THAT IS REASONABLY
9 CALCULATED TO REFLECT THE HOMEOWNER BENEFITS, INCLUDING
10 MAINTAINING THE HABITABILITY OF THE HOME, MAINTAINING THE VALUE
11 OF THE HOME, AND GIVING THE PAYING HOMEOWNER, IF THE HOMEOWNER
12 HAS A LOW INCOME, AN OPTION TO REPLACE THE HOMEOWNER'S SEPTIC
13 SYSTEM WHEN IT BEGINS TO FAIL.

14 (4) THE GENERAL ASSEMBLY FURTHER DECLARES THAT:

15 (a) SO LONG AS THE ENTERPRISE QUALIFIES AS AN ENTERPRISE FOR
16 PURPOSES OF SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION, THE
17 REVENUE FROM THE FEE COLLECTED BY THE ENTERPRISE IS NOT STATE
18 REVENUES, AS DEFINED IN SECTION 24-77-103.6 (6)(c), AND DOES NOT
19 COUNT AGAINST EITHER THE STATE FISCAL YEAR SPENDING LIMIT IMPOSED
20 BY SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION OR THE EXCESS
21 STATE REVENUES CAP, AS DEFINED IN SECTION 24-77-103.6 (6)(b)(I)(G);
22 AND

23 (b) NO OTHER ENTERPRISE CREATED SIMULTANEOUSLY OR WITHIN
24 THE PRECEDING FIVE YEARS SERVES PRIMARILY THE SAME PURPOSE AS THE
25 ENTERPRISE, AND THE ENTERPRISE WILL GENERATE REVENUE FROM FEES
26 AND SURCHARGES OF LESS THAN ONE HUNDRED MILLION DOLLARS TOTAL
27 IN ITS FIRST FIVE FISCAL YEARS. ACCORDINGLY, THE CREATION OF THE

1 ENTERPRISE DOES NOT REQUIRE VOTER APPROVAL PURSUANT TO SECTION
2 24-77-108.

3 **24-32-3903. Definitions.** AS USED IN THIS PART 39, UNLESS THE
4 CONTEXT OTHERWISE REQUIRES:

5 (1) "ADMINISTRATOR" MEANS A COMMUNITY DEVELOPMENT
6 FINANCIAL INSTITUTION THAT HAS ENTERED INTO A CONTRACT WITH THE
7 ENTERPRISE TO OFFER LOANS UNDER THE LOAN PROGRAM.

8 (2) "BOARD" MEANS THE GOVERNING BOARD CREATED IN SECTION
9 24-32-3905.

10 (3) "COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION" MEANS
11 AN ENTITY THAT HAS A PRIMARY PURPOSE OF PROVIDING FINANCIAL
12 PRODUCTS OR SERVICES TO LOW-INCOME COMMUNITIES IN ORDER TO
13 EXPAND FINANCIAL OPPORTUNITY OR SECURITY FOR RESIDENTS OR
14 BUSINESSES IN THE LOW-INCOME COMMUNITIES.

15 (4) "DEPARTMENT" MEANS THE DEPARTMENT OF LOCAL AFFAIRS.

16 (5) "ENTERPRISE" MEANS THE SEPTIC-SYSTEM REPLACEMENT
17 ENTERPRISE CREATED IN SECTION 24-32-3904.

18 (6) "EXECUTIVE DIRECTOR" MEANS THE EXECUTIVE DIRECTOR OF
19 THE DEPARTMENT OR THE EXECUTIVE DIRECTOR'S DESIGNEE.

20 (7) "FUND" MEANS THE SEPTIC-SYSTEM REPLACEMENT LOAN
21 PROGRAM FUND CREATED IN SECTION 24-32-3909.

22 (8) "LOAN PROGRAM" MEANS THE SEPTIC-SYSTEM REPLACEMENT
23 LOAN PROGRAM CREATED IN SECTION 24-32-3908.

24 (9) "LOCAL GOVERNMENT" HAS THE MEANING SET FORTH IN
25 SECTION 24-32-102 (7).

26 (10) "LOW-INCOME HOUSEHOLD" MEANS A HOUSEHOLD MEETING
27 AT LEAST ONE OF THE FOLLOWING CRITERIA:

1 (a) A HOUSEHOLD INCOME THAT IS LESS THAN OR EQUAL TO TWO
2 HUNDRED PERCENT OF THE FEDERAL POVERTY GUIDELINE; OR <*In other*
3 *areas of the law, 200% seems pretty standard, but there was a 130%.*>

4 (b) A HOUSEHOLD INCOME THAT IS LESS THAN OR EQUAL TO EIGHTY
5 PERCENT OF **MEDIAN INCOME** FOR THE COUNTY. <*(1) Some provisions set*
6 *this as low as 30%. (2) There is a decision point as to whether to use the*
7 *whole state or the county. For housing issues, county is typically used,*
8 *so that is what the bill does, but let me know if you would rather use the*
9 *state or some other area*>

10 (11) "SEPTIC SYSTEM" MEANS AN ON-SITE WASTEWATER DISPOSAL
11 AND TREATMENT SYSTEM OWNED BY THE HOMEOWNER.

12 **24-32-3904. Creation of enterprise.** (1) THE SEPTIC-SYSTEM
13 REPLACEMENT ENTERPRISE IS CREATED IN THE DEPARTMENT. <*This could*
14 *also be put in the division of housing within the department, but some*
15 *of the requirements are outside their normal skillset. Instead, the*
16 *division could be given representation on the enterprise.*>

17 (2) THE ENTERPRISE IS A **TYPE 1** ENTITY, AS DEFINED IN SECTION
18 24-1-105, AND EXERCISES ITS POWERS AND PERFORMS ITS DUTIES AND
19 FUNCTIONS UNDER THE DEPARTMENT.

20 (3) THE ENTERPRISE IS AND OPERATES AS A GOVERNMENT-OWNED
21 BUSINESS FOR THE BUSINESS PURPOSE OF COLLECTING THE FEE CHARGED
22 ON SEPTIC-SYSTEM PERMITS AND USING THE FEE REVENUE TO PROVIDE
23 LOANS TO REPLACE FAILING SEPTIC SYSTEMS.

24 (4) THE ENTERPRISE CONSTITUTES AN ENTERPRISE FOR PURPOSES
25 OF SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION SO LONG AS IT
26 RETAINS THE AUTHORITY TO ISSUE REVENUE BONDS AND RECEIVES LESS
27 THAN TEN PERCENT OF ITS TOTAL REVENUES IN GRANTS FROM ALL

1 COLORADO STATE AND LOCAL GOVERNMENTS COMBINED. SO LONG AS IT
2 CONSTITUTES AN ENTERPRISE IN ACCORDANCE WITH THIS SUBSECTION (4),
3 THE ENTERPRISE IS NOT SUBJECT TO SECTION 20 OF ARTICLE X OF THE
4 STATE CONSTITUTION.

5 **24-32-3905. Enterprise governing board - membership -**
6 **meetings.** (1) (a) THE ENTERPRISE IS GOVERNED BY A BOARD THAT
7 CONSISTS OF THE FOLLOWING [REDACTED] MEMBERS APPOINTED BY THE GOVERNOR
8 [WITH THE ADVICE AND CONSENT OF THE SENATE?] AS FOLLOWS: <{We'll
9 need to determine how many member we want and each member's
10 qualifications, which can be based on representation or on expertise.
11 Examples could be a member who represents (1) counties, (2) an
12 association of counties, or (3) has expertise in lending. Another option
13 is to add ex officio members that are appointed by the executive director
14 of the relevant agency instead of by the governor, and would serve for
15 as long as they represent the agency or until the appointing authority
16 decides to replace them.>

- 17 (I) ONE MEMBER WHO [STATE THE QUALIFICATION];
- 18 (II) ONE MEMBER WHO [STATE THE QUALIFICATION];
- 19 (III) ONE MEMBER WHO [STATE THE QUALIFICATION]; AND
- 20 (IV) ONE MEMBER WHO [STATE THE QUALIFICATION].

21 (b) THE GOVERNOR SHALL MAKE THE INITIAL APPOINTMENTS TO
22 THE BOARD NO LATER THAN OCTOBER 31, 2025.

23 (c) EACH MEMBER OF THE BOARD WHO IS APPOINTED UNDER THIS
24 SUBSECTION (1) SERVES AT THE PLEASURE OF THE GOVERNOR. THE TERM
25 OF APPOINTMENT IS FOUR YEARS; EXCEPT THAT THE TERM OF EACH
26 MEMBER INITIALLY APPOINTED UNDER SUBSECTIONS (1)(a)(I) AND
27 (1)(a)(III) OF THIS SECTION IS TWO YEARS.

1 <{We'll need to determine whether and how much compensation the
2 members will receive.}>

3 (2) MEMBERS OF THE BOARD SERVE WITHOUT COMPENSATION AND
4 WITHOUT REIMBURSEMENT FOR EXPENSES.

5 OR

6 (2) MEMBERS OF THE BOARD SERVE WITHOUT COMPENSATION BUT
7 ARE ENTITLED TO RECEIVE REIMBURSEMENT FOR ACTUAL AND NECESSARY
8 EXPENSES INCURRED IN THE PERFORMANCE OF THE MEMBERS' DUTIES ON
9 THE BOARD.

10 OR

11 (2) A MEMBER OF THE BOARD IS ENTITLED TO RECEIVE:

12 (a) COMPENSATION AT THE RATE OF [REDACTED] DOLLARS PER DAY FOR
13 EACH DAY FOR WHICH THE MEMBER IS ACTUALLY ENGAGED IN THE
14 PERFORMANCE OF THE MEMBER'S DUTIES ON THE BOARD; AND

15 (b) REIMBURSEMENT FOR ACTUAL AND NECESSARY EXPENSES
16 INCURRED IN THE PERFORMANCE OF THE MEMBER'S DUTIES ON THE BOARD.

17 (3) (a) (I) THE EXECUTIVE DIRECTOR SHALL ORGANIZE AND CALL
18 THE FIRST MEETING OF THE BOARD BY DECEMBER 1, 2025.

19 (b) THE BOARD SHALL ELECT A CHAIR FROM AMONG THE BOARD'S
20 MEMBERS TO SERVE FOR A TERM NOT TO EXCEED TWO YEARS, AS
21 DETERMINED BY THE BOARD.

22 (c) THE BOARD SHALL MEET AT LEAST ONCE EVERY THREE
23 MONTHS. THE CHAIR MAY CALL SUCH ADDITIONAL MEETINGS AS ARE
24 NECESSARY FOR THE BOARD TO COMPLETE ITS DUTIES. <{Is that number
25 of meeting correct?}>

26 **24-32-3906. Power and duties of the enterprise - repeal.**

27 (1) THE ENTERPRISE SHALL ADMINISTER THE COLLECTION OF THE FEE

1 IMPOSED UNDER SECTION 24-32-3907, AND THE ENTERPRISE MAY:

2 (a) ISSUE REVENUE BONDS, PAYABLE FROM THE SEPTIC-SYSTEM
3 PERMIT FEE REVENUE, TO IMPLEMENT THIS PART 39; <{Do we want to
4 place any limits on issuing bonds?}>

5 (b) BUY AND SELL PROPERTY;

6 (c) ENTER INTO CONTRACTS;

7 (d) SUE OR BE SUED;

8 (e) HIRE EMPLOYEES;

9 (f) SET UP AN OFFICE; AND

10 (g) TAKE ANY ACTION NECESSARY TO IMPLEMENT THIS PART 39.

11 <{What other powers should we add?}>

12 (2) THE ENTERPRISE SHALL IMPLEMENT THIS PART 39:

13 <{What other requirement should we add?}>

14 (3) (a) ON OR BEFORE JANUARY 15, 2027, AND ON OR BEFORE
15 JANUARY 15 EACH YEAR THEREAFTER, THE ENTERPRISE SHALL SUBMIT A
16 WRITTEN REPORT TO THE GOVERNOR, THE JOINT BUDGET COMMITTEE, AND
17 THE [REDACTED] COMMITTEES OF THE HOUSE OF REPRESENTATIVES AND THE
18 SENATE, OR ANY SUCCESSOR COMMITTEES. THE REPORT MUST INCLUDE:

19 (I) AN ACCOUNTING OF THE NUMBER OF LOANS MADE UNDER THE
20 LOAN PROGRAM, THE TOTAL AMOUNT OF THE LOANS, THE AVERAGE
21 AMOUNT OF EACH LOAN, AND THE NUMBER OF SEPTIC SYSTEMS REPLACED
22 AS A RESULT OF THE LOAN PROGRAM;

23 (II) AN EVALUATION OF THE LOAN PROGRAM; AND

24 (III) ANY LEGISLATIVE RECOMMENDATIONS FOR THE LOAN
25 PROGRAM.

26 (b) THIS SUBSECTION (3) IS REPEALED, EFFECTIVE JULY 1, 2029.

27 OR

1 (3) BEGINNING IN JANUARY 2027, AND IN JANUARY EVERY YEAR
2 THEREAFTER, THE DEPARTMENT SHALL INCLUDE, AS PART OF ITS
3 PRESENTATION DURING ITS "SMART ACT" HEARING REQUIRED BY SECTION
4 2-7-203, INFORMATION CONCERNING [REDACTED]. <{There are two options: one
5 do it through reports to the governor and committees or do it though the
6 SMART act hearings.}>

7 **24-32-3907. Septic-system permit fee - collection for the**
8 **enterprise - memoranda of understanding with local governments -**
9 **rules - repeal.** (1) (a) IN FURTHERANCE OF THE ENTERPRISE'S BUSINESS
10 PURPOSES, THE ENTERPRISE SHALL IMPOSE A FEE OF TWO HUNDRED FIFTY
11 DOLLARS, EXCEPT AS PROVIDED IN SUBSECTION (2) OF THIS SECTION, ON
12 EACH PLUMBING PERMIT THAT IS ISSUED TO INSTALL A SEPTIC SYSTEM. TO
13 IMPLEMENT THIS SECTION, THE DEPARTMENT SHALL CONSULT WITH AND
14 COORDINATE WITH THE STATE PLUMBING BOARD, CREATED IN SECTION
15 12-155-104, AND LOCAL GOVERNMENTS THAT ISSUE PLUMBING PERMITS.

16 (b) THE DEPARTMENT SHALL ENTER INTO A MEMORANDUM OF
17 UNDERSTANDING WITH EACH LOCAL GOVERNMENT THAT ISSUES PLUMBING
18 PERMITS TO COLLECT THE FEE. A LOCAL GOVERNMENT THAT ISSUES A
19 PLUMBING PERMIT SHALL NOT UNREASONABLY REFUSE TO ENTER INTO A
20 MEMORANDUM OF UNDERSTANDING WITH THE DEPARTMENT.

21 (c) EACH LOCAL GOVERNMENT AND THE STATE PLUMBING BOARD
22 SHALL TRANSFER THE FEE TO THE DEPARTMENT. THE STATE TREASURER
23 SHALL CREDIT THE FEE TO THE FUND.

24 (d) THE MONEY COLLECTED AND HELD BY THE DEPARTMENT
25 PURSUANT TO THIS SUBSECTION (1) IS:

- 26 (I) COLLECTED FOR THE ENTERPRISE;
27 (II) CUSTODIAL MONEY INTENDED FOR THE ENTERPRISE AND HELD

1 TEMPORARILY BY THE DEPARTMENT AND THE STATE TREASURER SOLELY
2 FOR THE PURPOSE OF CREDITING THE MONEY TO THE FUND; AND

3 (III) BASED ON THE ENTERPRISE'S STATUS AS AN ENTERPRISE, NOT
4 SUBJECT TO SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION AT
5 ANY TIME DURING ITS COLLECTION, TRANSMISSION, AND USE.

6 (2) WHEN THE FEE REVENUE IS PROJECTED TO EXCEED THE AMOUNT
7 REASONABLY NECESSARY TO IMPLEMENT THE LOAN PROGRAM AND
8 ADMINISTER THIS PART 39, THE ENTERPRISE SHALL ADJUST THE AMOUNT
9 OF THE FEE SO THAT THE REVENUE WILL EQUAL THE AMOUNT OF MONEY
10 NEEDED TO REASONABLY ADMINISTER THE LOAN PROGRAM. THE
11 ENTERPRISE SHALL NOTIFY THE STATE PLUMBING BOARD AND EACH LOCAL
12 GOVERNMENT THAT COLLECTS THE FEE OF THE FEE CHANGE. <{Do we
13 want to limit the reserves and adjust the fee based on reserve limits?}>

14 (3) THE STATE PLUMBING BOARD MAY ADOPT RULES TO IMPLEMENT
15 ITS COLLECTION OF THE FEE PURSUANT TO THIS SECTION.

16 (4) (a) THE ENTERPRISE, THE STATE PLUMBING BOARD, AND A
17 LOCAL GOVERNMENT THAT ISSUES PLUMBING PERMITS SHALL TIMELY TAKE
18 ANY ACTION NECESSARY TO BEGIN COLLECTING THE FEE BY JULY 1, 2026.

19 (b) THIS SUBSECTION (4) IS REPEALED, EFFECTIVE JULY 1, 2028.

20 **24-32-3908. Septic-system replacement loan program -**
21 **contracts with administrators for implementation.** (1) THE ENTERPRISE
22 SHALL ESTABLISH A SEPTIC-SYSTEM REPLACEMENT LOAN PROGRAM, WHICH
23 MAKES INTEREST-FREE OR LOW-INTEREST LOANS TO LOW-INCOME
24 HOUSEHOLDS TO REPLACE FAILING SEPTIC SYSTEMS.

25 (2) (a) THE ENTERPRISE SHALL CONTRACT WITH AT LEAST TWO
26 COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS TO ADMINISTER THE
27 LOAN PROGRAM IN ACCORDANCE WITH THIS PART 39. TO QUALIFY TO

1 ADMINISTER THE LOAN PROGRAM, THE COMMUNITY DEVELOPMENT
2 FINANCIAL INSTITUTION MUST:

3 (I) BE A NONPROFIT ORGANIZATION; AND
4 (II) DEMONSTRATE THE CAPACITY AND PROFICIENCY NECESSARY
5 TO ADMINISTER THE LOAN PROGRAM.

6 (b) THE ENTERPRISE SHALL:
7 (I) USE AN OPEN AND COMPETITIVE PROCESS TO SELECT EACH
8 ENTITY THAT ADMINISTERS THE LOAN PROGRAM;

9 (II) CONTRACT WITH EACH SELECTED ADMINISTRATOR TO PROVIDE
10 LOANS;

11 (III) ESTABLISH PERFORMANCE BENCHMARKS AND PERFORMANCE
12 REVIEWS FOR EACH ADMINISTRATOR; AND

13 (IV) ESTABLISH MINIMUM LOAN STANDARDS, INCLUDING A
14 REQUIREMENT THAT THE LOANS BE MADE TO LOW-INCOME HOUSEHOLDS
15 AND SETTING THE MAXIMUM INCOME REQUIREMENT FOR LOAN AMOUNTS.

16 (c) (I) TO PROVIDE LOANS UNDER THE LOAN PROGRAM, AN
17 ADMINISTRATOR MUST ENTER INTO A CONTRACT WITH THE ENTERPRISE.
18 THE CONTRACT MUST:

19 (A) SET FORTH THE CRITERIA FOR MAKING A LOAN IN ACCORDANCE
20 WITH THIS PART 39;

21 (B) CONTAIN THE PERFORMANCE BENCHMARKS ESTABLISHED
22 PURSUANT TO SUBSECTION (2)(b)(III) OF THIS SECTION;

23 (C) REQUIRE THE IMPLEMENTATION OF THE PERFORMANCE
24 REVIEWS ESTABLISHED PURSUANT TO SUBSECTION (2)(b)(III) OF THIS
25 SECTION;

26 (D) BE OF LIMITED DURATION, NOT TO EXCEED THREE YEARS; AND
27 <{*This time could be whatever makes sense.*}>

1 (E) REQUIRE THE ADMINISTRATOR TO REPAY ALL LENDING CAPITAL
2 THAT IS NOT COMMITTED TO LOANS UNDER THE LOAN PROGRAM AND ALL
3 PRINCIPAL AND INTEREST THAT IS REPAYED BY BORROWERS UNDER THE LOAN
4 PROGRAM AT THE END OF THE CONTRACT PERIOD IF, IN THE JUDGMENT OF
5 THE ENTERPRISE, THE ADMINISTRATOR HAS NOT SUCCESSFULLY
6 PERFORMED THE CONTRACT.

7 (II) THE CONTRACT MAY INCLUDE AN ADMINISTRATION FEE
8 ESTABLISHED BY THE ADMINISTRATOR IN AN AMOUNT REASONABLY
9 CALCULATED TO COVER THE ADMINISTRATIVE COSTS OF THE
10 ADMINISTRATOR TO IMPLEMENT THE CONTRACT.

11 (3) (a) THE ENTERPRISE MAY USE MONEY FROM THE FUND TO
12 ESTABLISH AND ADMINISTER THE LOAN PROGRAM IN ACCORDANCE WITH
13 THIS SECTION.

14 (b) AN ADMINISTRATOR SHALL USE THE MONEY TO MAKE LOANS TO
15 ELIGIBLE HOMEOWNERS IN LOW-INCOME HOUSEHOLDS FOR THE PURPOSE
16 OF REPLACING SEPTIC SYSTEMS.

17 (4) AN ADMINISTRATOR MAY ESTABLISH REASONABLE STANDARDS
18 AND PROCEDURES TO MAKE LOANS IF EACH STANDARD AND PROCEDURE
19 COMPLIES WITH THIS PART 39 AND THE CONTRACT WITH THE ENTERPRISE.

20 <*Do we want to say anything about foreclosure? This could be in the*
21 *contracts or standards provisions.*>

22 **24-32-3909. Septic-system replacement loan program fund.**

23 (1) THE SEPTIC-SYSTEM REPLACEMENT LOAN PROGRAM FUND IS CREATED
24 IN THE STATE TREASURY. THE FUND CONSISTS OF THE FEES CREDITED TO
25 THE FUND PURSUANT TO SECTION 24-32-3907, ANY GIFT, GRANTS, OR
26 DONATIONS MADE TO THE ENTERPRISE, OR ANY MONEY THAT THE GENERAL
27 ASSEMBLY APPROPRIATES OR TRANSFERS TO THE FUND.

1 (2) THE STATE TREASURER SHALL CREDIT ALL INTEREST AND
2 INCOME DERIVED FROM THE DEPOSIT AND INVESTMENT OF MONEY IN THE
3 FUND TO THE FUND.

4 (3) MONEY IN THE FUND IS CONTINUOUSLY APPROPRIATED TO THE
5 ENTERPRISE TO IMPLEMENT THIS PART 39.

6 **24-32-3910. Gifts, grants, and donations.** THE ENTERPRISE MAY
7 SEEK, ACCEPT, AND EXPEND GIFTS, GRANTS, OR DONATIONS FROM PRIVATE
8 OR PUBLIC SOURCES FOR THE PURPOSES OF THIS PART 39. THE STATE
9 TREASURER SHALL CREDIT THE MONEY TO THE FUND.

10 **SECTION 2.** In Colorado Revised Statutes, 12-155-105, **amend**
11 (1)(n); and **add** (1)(o) as follows:

12 **12-155-105. Powers of board - fees - rules.** (1) In addition to all
13 other powers and duties conferred or imposed upon the board by this
14 article 155, the board is authorized and empowered to:

15 (n) Apply to a court to enjoin an incorporated town or city, county,
16 city and county, or qualified state institution of higher education from
17 violating an order issued pursuant to subsection (1)(m) of this section;
18 AND

19 (o) ADOPT RULES TO IMPLEMENT SECTION 24-32-3907.

20 **SECTION 3.** In Colorado Revised Statutes, 24-75-402, **add** (5)(II)
21 as follows:

22 **24-75-402. Cash funds - limit on uncommitted reserves -**
23 **reduction in the amount of fees - exclusions - definitions.**

24 (5) Notwithstanding any provision of this section to the contrary, the
25 following cash funds are excluded from the limitations specified in this
26 section:

27 (II) THE SEPTIC-SYSTEM REPLACEMENT LOAN PROGRAM FUND

1 CREATED IN SECTION 24-32-3909.

2 **SECTION 4. Act subject to petition - effective date.** This act
3 takes effect at 12:01 a.m. on the day following the expiration of the
4 ninety-day period after final adjournment of the general assembly; except
5 that, if a referendum petition is filed pursuant to section 1 (3) of article V
6 of the state constitution against this act or an item, section, or part of this
7 act within such period, then the act, item, section, or part will not take
8 effect unless approved by the people at the general election to be held in
9 November 2026 and, in such case, will take effect on the date of the
10 official declaration of the vote thereon by the governor.