



## **Under the Dome, Week 17**

### Highlights of the Week

As the legislature entered the last full week of the 2016 legislative session, loaded calendars and intense negotiations filled the days and nights. Despite approval by the House to turn the Hospital Provider Fee in to an enterprise (HB 1420) and its companion spending allocation bill (HB 1450) Senate leadership thus far has decided to not introduce the bills in the Senate.

After highly sensitive talks on construction defects reform and affordable housing package crumbled Wednesday, House Democrats moved ahead with their own affordable housing proposals. HB 1465 by Majority Leader Duran and Representative Jon Becker would extend the low-income housing tax credit and allow CHFA to issue \$30 million of income tax credits over a six year period. HB 1466 by Representatives Tyler and KC Becker, uses money from the unclaimed property trust fund for affordable housing projects. A similar measure was killed last year in the Senate. The last affordable housing bill, HB 1467 by Majority Leader Duran and Majority Leader Scheffel, was brought forth by the Colorado Association of Realtors. The bill would create a 529 account for first time home buyers in the state to make it easier for individuals to save for a down payment. Though they were just introduced late on Wednesday evening, all three bills have passed the House with bipartisan support and been assigned to a Senate committee. Their fate in the Senate however is far from clear.

The Senate moved forward with SB 213, which creates the construction defect litigation study group within the Judicial Department to investigate matters concerning construction defect litigation in district courts. The bill is being sponsored by Majority Leader Mark Scheffel and Senator Jessie Ulibarri. Both are in their final term of office and have passionately worked to pass reforms to the construction defects law. Many members expressed disappointment that reform of the defects law will not be on the agenda this session during the Senate State Affairs committee meeting to review SB 213. The bill passed committee, and was approved by voice vote on the Senate floor Friday but faces a tough up hill battle in the House.

The Senate highlighted the need for transportation funding with two proposals. The first, SB 194, proposes to create a new method for local governments to fund transportation projects through tax increment financing. SB 194, with leadership from the City of Broomfield, passed the Senate on a vote of 25-10. SB 210 (dubbed the "Fix Colorado Road's Act") by Senator Baumgardner and Minority Leader DelGrosso requires the Transportation Commission to submit a question for the November 2016, 2017 or 2018 ballot that would extend \$3.5 billion in bonds, once current transportation bonds have been retired. The bill also specifies the specific

transportation projects the bonds must support. Part of the bill includes the repeal of SB 228 which will transfer \$199 million to the HUTF this year and almost \$50 million to the capital construction fund. During the Senate Finance Committee hearing, Committee Chairman Neville ran and passed an amendment to eliminate all transit funding within the bill. The bill subsequently passed the Senate floor with Senator Mary Hodge (D-Brighton) joining Republicans as a yes vote. SB 210 is a retooling of a bonding measure that passed the Senate and then died in the House year.

In other ballot news under the gold dome, the General Assembly passed their first concurrent resolution of the year on Wednesday. Faith leaders from the organization Together Colorado brought forth SCR 006 which will strike an exception to slavery and involuntary servitude in the state Constitution. With all 100 members of the legislature affirming their support, the initiative won top line on the November 2016 ballot.

When the School Finance Act was introduced, sponsors insisted that no amendments be added through the process. This concept went out the window when small rural districts felt they were taking an unfair funding hit in the bill. After a handful of amendments offered in the House to support funding for smaller districts, the SFA passed to the Senate. As the bill moved to the Senate floor, it became tied up in a disagreement between leadership. The Senate passed two major measures in support of charter schools earlier in the week, and became frustrated when the Speaker held off on assigning the bills to a House committee. Senate leadership held up debate on the SFA as leverage (the legislature is required to pass SFA each year) until late Thursday evening.

At that point, the SFA sponsors offered an amendment to require mill levy sharing. The debate largely mirrored the heated debate on SB 188 earlier in the week, though the limitation of the mill sharing to prospective mills led to resistance from charter advocates as well as charter opponents. Negotiations between the chambers ensued throughout the long evening, and eventually an amendment was adopted that inserted nearly every element of the other charter bill, SB 187 (biannual UIP, audits of charter networks, ECA standards) in to the SFA. No mill sharing was included. Senator Sonnenberg led the charge on an amendment to backfill funding for ten small rural districts that will lose local share funds because of a decrease of oil and gas activity in those districts. After tempers calmed, the Senate passed HB 1422 in its new form unanimously. It now heads back to the House for consideration of the Senate amendments.

The last of the 2016 workforce development package passed out of the Senate on Friday. Bills in the package hit a snag earlier in the week with many the Senate Republicans expressing serious reservations about the spending included in the bills. Not all were allowed to move forward to the full Senate for a vote. HB 1291 by Senators Johnston and Hill required the State Board of Education to incorporate into the standards for each subject, skills relating to the use of information and communications technologies to find, evaluate, create, and communicate information. The bill also created a grant program in the CDE for eligible teachers who wish to pursue additional postsecondary education and training in order to then provide computer science education to K12 students. HB 1291 was killed by the Senate Appropriations

Committee. HB 1289 which aimed to close the gap between the skills students are currently learning in school and those needed by industry passed Senate Appropriations when Chairman Kevin Grantham joined Democrats in support. The bill creates a pilot program where school districts receive \$1,000 bonus funding for each student who (1) earns an industry credential tied to an in-demand job, (2) finishes a rigorous workplace training program tied to key industry needs, or (3) successfully completes a Computer Science AP course. The bill faced debate on second and third reading on the Senate floor, and gained final approval on a vote of 23-10.

The Senate also killed a number of House agenda items that were opposed by business community this week. They killed legislation that would have prohibited employers from asking an employee whether or not they were a felon on their first application (HB 1388). The Senate State Affairs Committee also said no to HB 1399 which would have prohibited providers of worker's compensation insurance from denying a claim for mental impairment benefits based solely on the occupation of the worker as well as HB 1441 which directed the PUC to consider the costs of carbon when considering a utility's proposal for electric resource planning. Potential improvements to the child welfare system also took a blow this week when HB 1385 and HB 1383 were killed. HB 1385, which aimed to clarify the situations in which an individual's behavior while on substances resulted in child abuse or neglect received preliminary approval in the Senate State Affairs Committee on a vote of 4-1. However, just hours later in the Senate Appropriations Committee it was killed on a 3-4 partisan vote. The first data analytics pilot program to improve the child welfare system and help caseworkers be more efficient was to be set up under HB 1385. Despite strong support throughout the process the bill was surprisingly killed on the Senate floor Friday on a vote of 16-17. A no vote on the bill has until Monday to reconsider their vote.

Outside of the Capitol, Colorado's Supreme Court handed down an important decision on Monday when the court ruled that Longmont and Ft. Collins local government moratoriums on hydraulic fracturing violate state law. Industry was heartened by the ruling, which supports their preference for state level regulation of oil and gas activities in the state. Another Supreme Court decision made in late April will also have far reaching impacts on Colorado's budget. In *BP America v. Colorado Department of Revenue*, the Supreme Court determined that the cost of capital is a deductible cost that resulted from investment in transportation and processing facilities from severance payments. According to the state, this decision will create a budget hole of between \$200-400 million, by requiring refunds of the severance tax paid. The state announced that if the legislature doesn't pass something by the end of session, all programs within the Department of Natural Resources will end in 30 days. The Joint Budget Committee met on Friday afternoon for four hours in an attempt to avoid a special session. Their meeting resulted in the introduction of SB 218 which lays out a plan to pay back the money owed. The bill must pass by midnight on Wednesday.

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