



YOUR WEEKLY UNDER THE DOME IS ATTACHED

Under the Dome, Week 9

Highlights of the Week

Saturday marks the **official halfway point of the 2016 legislative session. So far, 505 bills have been introduced, 152 in the Senate and 353 in the House. Thirteen bills have been signed by the Governor and 87 bills have been postponed indefinitely.** This means that only one fifth of all introduced bills have completed the process. Although all official deadlines have passed, late bills continue to be introduced daily. To add to the workload, the sole duty of the general assembly every session, to pass a balanced budget, still has to be tackled. This will be no easy feat.

This week the JBC considered figure setting for the Department of Higher Education. The JBC rejected the proposed funding formula included in the Governor's recommendation and instead supported staff recommendation. The staff recommendation changed numerous underlying factors in the formula, including a reduction in weighted funding for nonresident students and an increase in funding for weighted credit hour production, but with roughly the same net funding to each institution. The JBC also voted to hold higher education funding steady from the year prior, resisting the \$20 million cut recommended by the Governor for now.

On March 18th, the Joint Budget Committee will hear the March Revenue Forecasts from both the Governor's Office of State Planning and Budgeting and the Office of Legislative Council economists. The numbers from the March Revenue forecast will be used for final budget balancing. Up to this point, the Joint Budget Committee hasn't made major cuts to any state agency. In the Governor's budget, he suggested a \$20 million cut to higher education, a \$50 million increase to the negative factor which essentially decreases education funding overall, and a 1% provider rate decrease. To date, the JBC has rejected all of Governor's suggestions and has not compensated with cuts to other agencies. With little movement on recategorizing the hospital provider fee as an enterprise, options to balance the state budget are drying up fast. The official budget introduction deadline is Monday, March 28th, however, the rumor is the budget will likely not be introduced in the House until the week of April 4th.

Despite a relatively light workload, the Senate killed a number of bills sent over from the House this week. Representative Buckner and Senator Kerr's parental leave bill was killed in the Senate State Affairs Committee Wednesday. HB 1002 would have allowed parents to take unpaid leave to attend school activities such as parent teacher conferences, had no opposition after the sponsors worked with the business community on amendments. However, the collaboration wasn't enough to save the bill in the Senate. The Senate Agriculture Committee also voted down one of the anti-oil and gas energy bills introduced this year, SB 129 – Neutral Oversight of Oil and Gas Activities. The Committee felt the bill was unnecessary and it only received two yes votes.

On Thursday, the House Health, Insurance and Environment Committee sat through six hours of debate on a bill that would hold energy operators strictly liable for conduct of an oil and gas operation if it

causes an earthquake that damages surface property or injures an individual. Proponents of the legislation constantly referred to earthquakes occurring in Oklahoma and a general unease with oil and gas operations close to concentrated residential areas as reasons for supporting the bill. Opponents ranging from business chambers big and small, royalty owners, local community organizations and the energy industry strongly disputed any correlation and causation between hydraulic fracturing and earthquakes. The President of the Civil Justice League expressed extreme concern over the strict liability standard within the bill. Ultimately HB 1310 passed down partisan lines, though it was clear that members of both sides of the aisle harbored further questions.

Earlier in the day, the same committee took final action on HB 1102, Drug Production Cost Transparency Requirements. The sponsor, Representative Ginal, offered a rewrite strike-below amendment that failed to pass. Members of the committee felt uncomfortable with the original version of the bill because they felt exposing the costs of only one piece of the health care pie was disingenuous and did nothing to help patients. The bill failed on a vote of 9-4.

The Senate did pass HB 1284 Wednesday with strong bipartisan support. The bill, which requires PERA to divest from companies that participate in the Boycott, Divest, Sanction movement against the State of Israel passed concurrence in the House and now will be sent to the Governor's desk for final signature. Colorado is one of only a handful of states to approve such legislation.

Bills of the Week

Mandatory Participation in E-Verify HB 1202 by newly appointed Representative Cole Wist faced its first test in committee. The legislation would have required an employer with ten or more employees to enroll and participate in the federal E-Verify program which verifies work eligibility of all new hires. The business community came out opposed to the bill due to issues with the E-Verify database. Former Representative Spencer Swalm, who ran similar legislation when he served in the House, testified in support. The bill died garnering support only from the sponsor and one other colleague.

Severance Tax for Intended Transfers Only This week the Senate Agriculture Committee considered SB 097 which prohibits sweeping severance tax to the general fund. This practice has been used as a last resort several times during tough budget times including last year when the JBC approved a \$20 million transfer of severance tax to the general fund. The Governor had originally requested a transfer of \$47 million. A host of county commissioners, whose counties receive the severance tax, and Colorado Counties Inc came out to testify in support of the bill. SB 097 was laid over for action at a later date.

Income Tax Credits for Apprenticeships The first of the recently introduced bills in the workforce development package was heard in the House Finance Committee this week. HB 1301 by Representative Garnett provides a state income tax credit to taxpayers that employ workers that are either preparing for or participating in a qualified pre-apprenticeship or an apprenticeship program. The credit is available for tax years 2018 through 2020 and is capped at \$1 million per tax year and \$3 million in total. An employer may receive up to \$2,500 for each pre-apprentice and \$5,000 for each apprentice. An amendment was added to tighten up the definition of apprenticeship and pre-apprenticeship programs. HB 1301 passed the House Finance Committee with only two no votes. It will next be heard in the Appropriations Committee.

Prohibiting Automatic Waivers for Charters Representative Moreno introduced legislation late last week which would remove the State Board of Education's authority to grant automatic waivers to charter schools in Colorado. Legislation was passed two years ago to create 18 automatic waivers to

streamline processes and eliminate unnecessary paperwork in certain circumstances. HB 1343, which has the support of the Colorado Education Association, would significantly increase paperwork and bureaucracy for charters and the Colorado Department of Education. The charter and reform communities have significant concerns about the bill as drafted.

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