



Under the Dome, Week 11

Highlights of the Week

This week the Joint Budget Committee faced the difficult task of making final budget decisions and tackling big ticket items they put on the back burner during figure setting. On Monday, the JBC found out that based on decisions they made thus far, they were facing a \$382 million budget deficit for FY 2017-18. They also learned that they needed to **set aside an estimated \$264 million for TABOR refunds for tax year 2017**. The JBC decided to restrict **Hospital Provider Fee revenue by \$264 million to prevent TABOR refunds**, which means **hospitals in Colorado will see almost a half a billion dollars in cuts in the upcoming fiscal year**. Press coverage indicates that a cut of this size poses a serious threat to hospitals, especially to small rural hospitals. The JBC also had to increase the K-12 education negative factor by \$48.3 million. This is the first time in three years the JBC has increased the negative factor.

Transportation funding took another hit when SB 228 transfers from the General Fund to the HUTF were reduced from \$158 million (originally almost \$200 million) to \$79 million. State employees were granted a 1.75% salary increase with an additional .75% increase for merit pay. The JBC was able to put away a 6.5% reserve for FY 2017-18. All six members of the committee put their names on the bill. It will be introduced Monday in the Senate and proceed to the House the following week. There is also a big unknown that will play into the budget debate – Senate Republicans are poised to introduce a bill that has a similar effect to enterprising the hospital provider fee. The bill hasn't been introduced but is rumored to also reset the TABOR base at a lower level, increase funding for rural schools, transportation projects, and require across the board cuts from state agencies. When the bill is introduced it will have implications for the budget.

Transportation issues took center stage at the Capitol this week. On Tuesday, the full Senate took up debate on SB 213 which would create a framework for autonomous vehicles to operate in Colorado. Despite opposition from unions and the Colorado Motor Carriers Association, the bill passed 22-13 with bipartisan support. Amendments were made to the definitions in the bill and the legislative declaration.

The House Transportation Committee stayed at the capitol until 10pm on Wednesday evening to hear testimony in support of HB 1242 which would refer a measure to the Colorado voters to increase sales tax by .62% to use exclusively for transportation. Supporters included rural county commissioners, Colorado Department of Transportation, Colorado Contractors Association, Colorado Association of Commerce and Industry, many high profile mayors including Republicans Mark Williams and Kathy Noonan. Statewide groups like Club 20, CCI, CML, and the Farm Bureau among many many others also testified in support. There were several amendments offered and adopted including an amendment to increase CDOTs share of the fund to \$375 million, eliminate the FASTER late fees, and increase transparency by requiring the multi modal options committee to report to the Transportation Legislative Review Committee. The bill passed the House Transportation Committee on a vote of 8-5 and is now headed to the House Finance Committee.

If HB 1242 makes it through the process and is placed on the ballot, it won't be joined by Representative Thurlow's proposal to require the TABOR revenue cap to be based on personal income growth as opposed to population plus inflation. The Senate State Affairs Committee killed the bill, also sponsored by Senator Crowder, with Democrats voting in favor and Republicans voting against.

On Thursday afternoon the House Health, Insurance and Environment heard over 7 hours of testimony on HB 1256, Oil and Gas Setbacks from School Property by Representative Foote. Current rules adopted by the Colorado Oil and Gas Conservation Commission require that new sites for oil and gas operations be located at least 1,000 feet from school buildings and other high occupancy buildings. This bill requires that the minimum setback distance apply to the school property line, and not the school building. The setback requirement is applied to public schools, private schools, and child care centers. The bill also clarifies that setback requirements do not apply if a school begins operations near oil and gas facilities that are already permitted or in use. The committee heard opposition to the bill from local chambers, industry, and county commissioners. HB 1256, passed on a party line vote and is expected to see a long debate on the House floor.

Several high profile bills that passed the House with strong bipartisan support were assigned late in the week to a Senate kill committee. These include:

- HB 1210 by Rep. Lontine/Buckner and Sen. Priola/Fields: Addressing out of School Suspension and Expulsion of Young Children, Passed the House 40-24-1
- HB 1211 by Rep. Coleman and Sen. Priola: Concerning Professional Development for Educators Regarding Disciplinary Strategies for Young Students, Passed the House 41-24
- HB 1186 by Rep. Pettersen/Landgraf and Sen. Coram: Health Coverage Prescription Contraceptives Supply, Passed the House 50-14

With only 47 days left of the 2017 legislative session, late nights are becoming the norm and tensions are emerging.

Bills of the Week

More Health Care Reform in Colorado Another bill related to increasing access and affordable healthcare was introduced this week. The bill sponsored by Representative Esgar and Senator Crowder requires that any health insurance carrier that contracts with the state of Colorado to provide a benefits plan to state employees must also participate in the state's health exchange, offer plans to two counties in geographic areas with the highest premiums, and participate in Medicaid, the Children's Basic Health Plan, and certain grant programs. This is part of Lt. Governor Donna Lynne's healthcare package. The other two bills, HB 1235 and HB 1237, will be in the House Health Insurance Environment Committee next week.

The "new" Regulatory Relief Act of 2017 Last week HB 1270 was introduced by Representative Kraft Tharp, Representative Lawrence, Senator Williams, and Senator Coram. The bill is a re-do of SB 001 which aimed to make sure small business isn't unfairly penalized for new rule violations that aren't related to health or safety. The bill gives a state agency the discretion to impose or not impose fines upon a business for a first time minor violation. The big difference between this bill and SB 001 is this bill applies to businesses with 50 employees or less and SB 001 applied to businesses with 500 employees or less. The bill is assigned to the House Business Affairs and Labor Committee.

Low-income Household Energy Assistance HB 17-1116, continues the Colorado low-income energy assistance fund and extends authorization for up to \$13 million through 2023-24 from the severance tax operational fund which is paid for by oil and has operators. The bill has support from the Intermountain Rural Electric Association, the Colorado Oil and Gas Association and Colorado Rural Electric Association. The bill passed the House with strong bipartisan support and this week passed the Senate Agriculture and Natural Resources Committee with only three not votes.

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