



## **Under the Dome, Week 16**

### *Highlights of the Week*

The second to last full week of session was a whirlwind that brought finalization of the budget, lots of bills moving quickly from committee to the floor, key initiatives stalled, top priorities for leadership meeting their end, and bills still being introduced daily.

On Thursday, the Joint Budget Committee met in a conference committee to go through the various amendments added in the House and the Senate. Among other things, the final budget approved by the Joint Budget Committee:

- Retained the \$264.1 million cut to hospitals via capping the hospital provider fee (this funding is eligible for a federal match, so the impact to hospitals is actually twice the amount of the General Fund cut)
- Decreased the state share for K12 education by \$128 million because local shares came in higher than expected. That money was then used to hold the negative factor flat from FY 2016-17 to FY 2017-18, which means an additional \$57 in per pupil funding
- Appropriated \$15 million for affordable housing grants under the Department of Local Affairs
- Added \$1 million of taxes collected on marijuana to Tony Grampsas Youth Services fund
- Increased spending for rural broadband projects in rural communities by \$9.5 million
- Appropriated \$750,000 for the film incentive program using funds from the Office of the Governor and not from Tourism Promotion
- Provided \$1 million for upgrades to the Governor's mansion
- Allocated \$79 million General Fund for transportation instead of the initially promised \$158 million through SB 228

The FY 2017-18 budget was \$28.6 billion including federal fund pass-through dollars.

Hospitals are holding out hope that a huge cut taken to balance the state's budget will not be necessary occur if the legislature acts in the next week and half to pass SB 267, the Rural Sustainability Act. The bill has been twice laid over by the Senate Appropriations committee and is now scheduled to be heard next Tuesday, May 2<sup>nd</sup>. The bill would turn the hospital provider fee in to an enterprise (taking it out from under the TABOR cap), resets the TABOR base at a lower level, and puts additional money in to rural roads projects and small rural school districts.

Another session could also pass by without any legislative action on a statewide solution for transportation funding in the state of Colorado. The Senate Finance Committee killed President Grantham and Speaker Duran's proposal to refer a measure to the voters to increase sales tax by .5% and dedicate the revenue to transportation priorities. After a four hour hearing which included proponents from the Colorado Contractors Association, the Colorado Municipal League, Colorado Counties Inc, Club 20, Progressive 15, Action 22, and the Metro Mayor's Caucus, HB 1242 died on a party line vote with Senators Tim Neville, Owen Hill, and Jack Tate opposing the bill. No sooner than the gavel hammered down to end the Senate Finance Committee hearing, other interests groups began popping up with various other proposals to address Colorado's dire transportation needs. Senators John Cooke and Tim Neville and Representatives Patrick Neville and Cole Wist have since introduced SB 303, a bonding proposal that credits 10% of existing sales and use tax (i.e. General Fund) to the HUTF to leverage for a \$3.5 billion bonding proposal that will need to receive approval from Colorado voters. The bill will be heard in Senate Finance on Tuesday. A similar proposal to SB 303 is being floated but hasn't been introduced yet. The concept would increase the Special Ownership Tax and credit the funds to the HUTF to use for bonding. The viability of either proposal is unclear at this point.

This week saw the most extensive "killing" of bills yet. The Senate Majority Leader laid over several bills until after session adjourns, effectively killing a number of proposals including SB 188 supported by Americans for Prosperity and the Independence Institute that would have eliminated the state tax credit for alternative fuel motor vehicles, SB 138 regarding election watchers, and SB 107 which aimed to include access to arts curriculum as a performance indicator for K12 schools. Senate committees also killed priority bills for House Democrats including legislation to create a state run retirement plan and require certain employers to participate in it (HB 1290), legislation to allow for online renewals and additional identification options for undocumented individuals to get drivers licenses (HB 1206), HB 1299 which would have required the Transportation Legislative Review Committee to hold a hearing on electricity utility energy storage, a bill to create an interim committee to develop a long term version for K12 education in Colorado and many others.

On Friday, Legislative Council met to decide which committees would meet over the interim. The 18 member committee approved six interim committees including a sales and use tax simplification taskforce, state and local public safety interim committee, comprehensive sentencing reform in the criminal justice system, programs for young farmers interim committee, opioid addiction epidemic committee, and a legislative interim committee on school finance. These special issue interim committees will meet in addition to the standing interim committees which include the Transportation Legislation Review Committee, Wildfires Matter Review Committee and the Water Resources Review Committee.

### *Bills of the Week*

**Energy Infrastructure in Colorado** On Wednesday, Senator Scott introduced a 57 page, 23 section bill to reauthorize the Colorado Energy Office and make substantive changes to the focus and programs of the office. SB 301 makes a plethora of adjustments including repealing

various incentive and grant programs, increasing the electric vehicle registration fee and adding nuclear power and hydroelectric power as clean energy sources. Given the broad title of the bill, everyone is closely watching for potential amendments. SB 301 is scheduled for the Senate Agriculture, Natural Resources, and Energy Committee on Wednesday, May 3<sup>rd</sup> upon adjournment.

**Automobile Dealers and Manufacturers Franchise Fight Revisited** Late last Friday, a bill written by the Colorado Automobile Dealers Association was introduced. SB 298 by Senator Tate and Representative Kraft Tharp makes significant changes to current franchise law in Colorado. Changes requested in the bill included additional years before a dealer can be required to upgrade a dealership facility, setting recall reimbursement rates for cars with “stop sale” orders, increasing the area of influence for dealers from 5 miles to 15 miles, changing the process for termination disputes, adding mandatory warranty reimbursements and more. The bill was considered by the Senate Business Committee on Wednesday and was extensively amended to address various concerns of manufacturers. The Senate began debate of SB 298 on the floor Friday morning but it quickly became evident how contentious the bill would be and the Senate Majority Leader laid it over to allow the weekend for further stakeholder work.

**Plan for Addressing Statewide Infrastructure Needs** The morning after HB 1242 was killed in committee, House Transportation Committee Chair Representative Mitsch Bush and Senate Transportation Committee Chair Senator Randy Baumgardner introduced HB 1362. The bill requires the Transportation Legislation Review Committee to meet with the Capital Development Committee over the interim to discuss the state’s infrastructure needs and to discuss a transportation plan as well as funding mechanisms. The bill also requires that the two committees meet at least once over the interim. HB 1362 was debated on the House Floor Friday and passed on a voice vote. It will be up for a third reading final vote in the House on Monday.

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