

## Under the Dome, Week 17

### *Highlights of the Week*

The last full week of legislative session was filled with intense negotiations surrounding the some of the most important issues before the legislature this session including the hospital provider fee and K-12 funding. On Tuesday morning, President Pro Temp Jerry Sonnenberg announced a deal was in place for SB 267, yet in the middle of the announcement word came from the Democrats that no deal was reached. Passage of SB 267 is critical to ensure that Colorado's hospitals don't face half a billion dollars in cuts. Stakeholders and legislative leadership put their heads together and by Friday morning, just before the Senate Appropriations Committee met, a deal was announced.

In amended form, SB 267:

- Moves the hospital provider fee to enterprise status, so that it would no longer count toward the state's annual TABOR limit
- Reverses the cuts to hospitals made through the budget process
- Lowers the TABOR revenue cap by \$200 million
- Requires HCPF to provide a report on how they spend their administration costs and also puts a 3% cap on administrative fees by HCPF
- Increases copays for Medicaid patients to double the current level for outpatient and pharmacy (a \$2 copay becomes a \$4 copay)
- Ensures the Senior Homestead Exemption is protected first when a tax refund occurs
- Appropriates \$150 million from state funds over four years to bond \$1.8 billion for transportation projects (25% of the bond must be spent in counties with populations less than 50,000 and 10% of the bond must go to transit)
- Secures \$120 million for capital construction
- Authorizes a business personal property tax credit for small businesses (up to \$18,000) by increasing the retail marijuana tax
- Provides an additional \$30 million for rural/small schools in year one and all K12 schools in the following few years
- Requires each state agency to submit a plan for a 2% budget reduction.

The bill passed the Senate Appropriations Committee Friday morning by a 5-2 margin, followed by a short debate on the Senate Floor later in the day. SB 267 is expected to receive final approval in the Senate on Monday before heading to the House.

The Senate also finally debated the School Finance Act, SB 296, Friday morning. The bill sat on the calendar for a week because the Senate Republicans were missing one member, Senator Marble, due to a severe illness that kept her out most of the week. The debate started with an amendment to strip off the provisions of SB 061 (the charter mill levy equity bill) and \$15 million funding for the Charter School Institute schools that were added in the Senate Education Committee. The amendment did pass although initially the chair declared the amendment failed which caused quite the controversy on the Senate Floor. In the end, the school finance act passed the Senate Floor on a voice vote without any provisions specific to charter schools. In the House, SB 061 was finally introduced and assigned to the

House Education committee where, on Monday, it is anticipated that the committee will be debating a compromise on the charter school issue to be offered by the committee chair as an amendment to the School Finance Act.

Despite tackling two big issues on the Senate Floor Friday, there are still several other significant Senate bills that passed the Appropriations Committee Friday morning but are still pending a floor debate. SB 301 which reauthorizes the Colorado Energy Office, repeals several obsolete programs within the Office, increases the fee on electric vehicles and allows investor owned utilities to purchase reserves of natural gas, passed its initial hearing in the Senate Agriculture Committee Wednesday. Democrat Senator Steve Fenberg was able to add an amendment to the bill in the Agriculture committee with the support from Senator John Cooke that requires investor owned utilities to submit their distribution resource plans to the PUC. The complicated nature of the bill led to Democrats claiming Republicans were holding the Energy Office hostage in an effort to push their priorities such as adding nuclear and hydro to the renewables list and also allowing expanding scope for utilities.

SB 303, the latest bill proposing to allow bonding for transportation projects, was heard in the Senate Finance Committee on Tuesday. Sponsors Senator Cooke and Senator Neville added substantial amendments in the committee including increasing the bonds, requiring only 5% diversion of General Fund to pay for the bonds instead of 10%, and most significantly adding Sales Ownership Tax for vehicles between 10 and 24 years old in order to use the additional revenue to pay for the bonds. The SOT increase would bring in \$28.6 million in FY 2018-19, \$59.9 million in FY 2019-20, \$95.1 million in FY 2020-21, and \$132.7 million in FY 2021-2022. If the proposal passed the legislature it would have to go on the ballot in November to receive approval from Colorado voters. Both bills passed the Senate Appropriations committee on Friday morning but weren't debated on the Senate Floor. Time is quickly running out to successfully get bills still in their first chamber across the finish line.

The Senate Finance and Senate State Veterans and Military Affairs Committees were stacked with bills all week. Both committees quickly earned the title of "the killing fields" when the majority of bills met their end. Notable bills that failed include:

- HB 1362: Required the Transportation Legislative Review Committee to meet with the Capital Development Committee to discuss a plan to address critical statewide infrastructure needs
- HB 1305: To create a paid family leave program in Colorado
- HB 1321: Increased hunting and fishing license fees in the state
- HB 1237 and HB 1286: Two of the Lt. Governor's Healthcare bills aimed to lower cost of health insurance in rural Colorado
- HB 1318: Required the Division of Insurance to submit a report to the General Assembly related to pharmaceutical costs under individual and group health insurance plans
- HB 1336: Changed the hearing requirement for forced pooling in oil and gas operations
- HB 1339: An effort to aid communities affected by the closure of coal power plants by allowing investor owned utilities to apply to the PUC for a financing order authorizing it to issue securitized utility ratepayer-backed bonds when closing a power plant. The Colorado Energy Impact Assistance (CO-EIA) bond proceeds are to be used by the utility to purchase, build, or

invest in least-cost electric generating resources and to provide transition assistance to workers and communities affected by the plant closure.

With only three days left of the 2017 legislative session, there are still many, many bills left to work their way through the process and time is quickly running out. House and Senate leadership have told their members to prepare for long nights all next week to ensure that all priority bills can be debated and passed before sine die on Wednesday.

#### *Bills of the Week*

**Increased Regulation of Oil and Gas Operators** In response to the tragedy in Firestone Colorado, Representatives Foote and Lebsock introduced HB 1372 on Friday, Oil and Gas Operators Disclose Pipe Location Development Plans. The bill directs the Oil and Gas Conservation Commission to create rules that require oil and gas operators to provide electronic notice to the Commission and local governments of all oil and gas facilities, including flowlines, gathering lines, and transmission lines and post that information in a searchable, public database. HB 1372 also attempts to codify Recommendation #20 from the Governor's Oil and Gas Task Force regarding the communication of future development plans, and it expands that rule beyond municipalities to also include counties. The bill was heard and approved by the House State Affairs Committee on Friday afternoon. There were two amendments added – one removed transmission pipelines and the other struck the word “shut-in” while referring to pipelines. The bill will be heard on the House Floor Monday.

**Funding for the Colorado Energy Office** Given the anxiety surrounding SB 301, Representative Bridges and Representative Hansen introduced HB 1373 on Friday morning. The bill provides one year of funding for the Colorado Energy Office so it can continue in case SB 301 is not successful. The bill was also heard in the House State Affairs Committee Friday afternoon and passed on a party line vote. The bill will need to be heard in the House Appropriations committee and hit the House Floor Monday so it can make it over to the Senate in time for sine die. However, at this time the bill doesn't have any Senate sponsor and it isn't clear if it has a path forward.

**Broadband for Colorado** During the budget finalization process, the Joint Budget Committee approved an additional \$9.5 million for broadband support in rural Colorado. However, a simple budget amendment didn't provide the statutory framework needed to ensure the funds could be transferred in the appropriate way. The JBC introduced SB 306 to solve the problem this week. The bill specifically requires the PUC to make a determination on High Cost Support Mechanism (HCSM) funding available for both broadband development and Broadband Development Board administration. Funds for broadband development must be transferred to a separate account within the HCSM, which is maintained by the HCSM third-party contractor, while funds for board administration must be transferred to the newly renamed Broadband Administrative Fund. The PUC may not disburse money for broadband development grants from the HCSM unless directed to by the Broadband Development Board. SB 306 passed the Senate on second reading Friday and will be up for 3<sup>rd</sup> reading consideration on Monday.

**Reauthorize the Low Income Child Care Tax Credit** One of the first bills to be introduced in the 2017 legislation session was HB 1002. However, due to funding uncertainty, the bill didn't start moving forward until late last week. HB 1002 reauthorizes the low income child care tax credit for those parents earning under \$25,000 a year and are employed. The credit is a maximum of \$500 for a family with one child or \$1,000 for a family with two or more children. The average credit has been a little over \$150 per family. The bill passed the House Floor with strong bipartisan support 47-16. The Senate Finance Committee gave preliminary approval on Friday, when Senator Jack Tate joined the Democrats in supporting. HB 1002 has to pass the Senate Appropriations Committee before it can head to the full Senate for consideration.