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## **2010 Colorado General Assembly Review - 30 Days Left in the Session**

April 11, 2010

The Second Regular Session of the 67<sup>th</sup> General Assembly of Colorado convened on Wednesday, January 13, 2010. The Legislature will meet for a constitutionally mandated limit of 120 days, with *adjournment sine die* occurring no later than Wednesday, May 12, 2012. This brief report provides an update on the legislative session to date, and what we are likely to see for the remaining 30 days. To date, 590 bills have been introduced in the legislative session – 400 in the House and 190 in the Senate. Many of these bills still await legislative consideration -- the next few weeks will be extremely busy!

### **Budget**

The General Assembly has now completed most of the work on the state's budget for FY 2010-11, [HB 10-1376](#) or "Long Bill" – so named because of its size – more than 600 pages. The Long Bill is the line item budget for all departments of state government. The JBC staff also prepares a [Long Bill Narrative](#), which is a narrative description of each of the departments and puts it in summary form. The Long Bill has passed both houses and the JBC will meet as a conference committee to resolve the several differences between the House and Senate versions of the bill.

As in the 2009 session, the state's budget dominated the legislative session this year. The legislature found itself in a position of having to increase revenues or decrease expenditures by a combined total of \$1 billion for FY 2010-11. The most heated debate surrounded tax policy changes recommended by Governor Ritter. These bills – eliminating or temporarily suspending sales tax exemptions

and credits and modifications to income taxes – were introduced to raise additional General Fund revenue. The table below summarizes the anticipated revenue impact of each of the adopted measures.

### Tax Policy Changes

Bill	Issue	Revenue Impact			Duration
		FY 2009-10	FY 2010-11	FY 2011-12	
HB 10-1189	Direct Mail	\$0.2	\$0.8	\$0.8	Permanent
HB 10-1190	Energy Used for Industrial Use	\$7.2	\$37.6	\$40.2	
HB 10-1191	Candy and Soda	\$1.4	\$18.0	\$18.0	Permanent
HB 10-1192	Repeal Software Regulation	\$4.6	\$23.7	\$24.1	Permanent
HB 10-1193	Out-of-State Retailers	up to \$0.9	up to \$4.7	up to \$4.6	Permanent
HB 10-1194	Nonessential Food Containers	\$0.4	\$2.0	\$2.0	Permanent
HB 10-1195	Ag Products	\$0.9	\$4.6	\$4.6	3/1/2010 – 6/30/13
HB 10-1196	Autos from Alternative Fuel Tax Credit	\$0	\$2.7	\$2.7	Tax Year 2011
HB 10-1197	Conservation Easement Cap	\$0	\$18.5	\$37.0	Tax Years 2011-13
HB 10-1199	Net Operating Loss	\$0	up to \$8.2	up to \$16.5	Tax Years 2011-13
HB 10-1200	Defer Enterprise Zone Investment Tax Credit	\$0	up to \$11.8	up to \$24.6	Tax Years 2011-13
<b>TOTAL GF Revenues</b>		<b>\$15.6</b>	<b>\$132.6</b>	<b>\$175.1</b>	

Source: table from [Legislative Council](#). Dollars in millions.

In addition to the tax policy changes above, the Legislature passed Supplemental Bills reducing state appropriations by more than \$700 million, and transferring cash revenues to the General Fund.

It is important also to note that a significant percentage of the state's general fund (tax revenues) appropriations go to just six departments of state government:

- K-12 Education – 46%
- Health Care Policy & Finance and Human Services – 27%
- Corrections and Judicial – 13%
- Higher Education – 9%
- All other departments of state government – 5%

### Quarterly Revenue Forecast – Light at the End of the Tunnel?

The March 20, 2010 state revenue estimate provided some optimism; the [Legislative Council revenue estimates](#) increased by \$229 million GF for FY 2009-10, \$335 million for FY 2010-11, and \$127.4 for 2011-12. (Note – this is in comparison to the December 20, 2009 quarterly revenue forecast.) While this

revenue increase is positive, the State's economist still cautions that the economic recovery will be slow, and significant budgetary shortfalls remain for FY 2011-12 when the federal ARRA funds are fully expended.

**View from Ten Years Ago – FY 2000-01**

Many readers have asked for further information on the chart below, which we included in our 2010 Legislative Preview. We are including it here as a point of reference for comparison of the increase in demand for state services in relation to the revenues available to provide those services.

**10 Year Comparison: Economic and Caseload Indicators FY 01 to FY 10**

	FY 2000-01	FY 2009-10	% change
Colorado Population <sup>i</sup>	4,339,000	5,018,000	15.7%
K-12 Student Enrollment <sup>ii</sup>	742,145	818,443	10.3%
Higher Education Enrollment <sup>iii</sup>	123,256	144,577	17.3%
Prison Population <sup>iv</sup>	16,833	22,633	34.5%
Medicaid Recipients <sup>v</sup>	263,107	489,612	86.1%
General Fund Revs (millions) <sup>vi</sup>	\$6,553	\$6,500	-0.8%

(See endnotes for sources)

To summarize, *Colorado has more people, more K-12 students, more higher education students, more prisoners, and more Medicaid recipients than the state had ten years ago -- and we are attempting to serve this increased caseload with the same amount of General Fund as collected in FY 2000-01.* This is not a stable fiscal model!

**Education**

Since the passage of Amendment 23 in 2000, funding for K-12 Education has increased by inflation plus 1.0 percent, and new student enrollment has been funded as well. In FY 2009-10, through a supplemental appropriation, the state reduced K-12 funding by \$130 million. This funding was appropriated – but restricted – to the districts in the 2009 session. As we look toward FY 2010-11, the JBC has recommended an additional reduction – beyond the \$130 million mentioned above – of \$145 million.

For higher education, the FY 2010-11 budget recommended by the JBC will be a \$60 million reduction over FY 2009-10 (from \$680 million to \$620 million). This reduction will be counter-balanced by a tuition increase of up to 9 percent for resident students. However, most of the budgetary concerns for higher

education focus on FY 2011-12 – the year the federal stimulus (ARRA) funds run out. Of the total appropriation to the state’s colleges and universities for FY 2010-11, nearly \$300 million is coming from federal ARRA funds. In order to begin to address Colorado’s system of higher education, the Department of Higher Education is undertaking a [strategic planning process](#).

### **Environment**

Two pieces of legislation represent the final chapter of Governor Ritter’s “new energy economy”: [HB 10-1001](#), which increases the renewable portfolio standard from 10 percent to 30 percent for investor-owned utilities by 2020. The bill has been signed by the Governor. [HB 10-1365](#) directs investor-owned utilities to develop an emissions reduction plan with consideration being given to conversion of coal fired power plants to natural gas.

### **Health Care/Insurance**

A recent article in the [Denver Post](#) highlights the plans being laid by some legislators and citizens to challenge any federal re-write of health care rules and regulations. One proposal aims to bar the state from requiring its citizens to purchase health insurance and another is a proposal by a legislator who wants Colorado to opt out of the federal plan on the grounds the federal government is “usurping state’s rights”. The Colorado attorney general has joined with 14 other AG’s in a lawsuit asking the courts to declare the provision of the new federal legislation requiring individual to have health insurance as being unconstitutional.

Several key pieces of legislation this year include:

- [HB 10-1008 Gender Discrimination in Individual Health Insurance Rates:](#)
- [HB 10-1004 Standardized Health Insurance Information:](#)
- [HB 10-1021 Required Maternity Coverage in Individual Insurance Policies:](#)
- [SB 10-020 CoverColorado Provider Fee Schedule:](#)
- [HB10-1032: Behavioral Health Crisis Response Services:](#)
- [HB10-1202 Insurance Coverage for Oral Chemotherapy Treatments:](#)

Two bills that have seen a tremendous amount of opposition from the business community and insurers are [HB 10-1234](#) and [SB 10-076](#). Both bills deal with how insurance claims are handled and settled. Proponents would indicate that insurance claims are sometimes inappropriately delayed or denied. Opponents would point out that there are specific statutory prohibitions against that type of behavior, as articulated in 10-3-1104, C.R.S. – ***“Unfair methods of competition and unfair or deceptive acts or practices”*** and that these two

bills are unnecessary, potentially harmful and could lead to less availability and affordability of insurance.

Finally, proponents have filed [ballot initiative #45](#) designed to remove the residents of Colorado from the provisions of the recently passed federal health care reform legislation, including declaring the mandate to have health insurance as being unconstitutional.

### **Human Services**

An important bill has been in the child welfare area, which legislation has been introduced to further protections for children. [HB 10-1226](#) creates a differential response child welfare pilot program to allow counties to offer voluntary services to families who are deemed to be a low- to moderate safety risk to a child, rather than referring these cases to dependency and neglect hearings in court. [SB 10-152](#), which mandates reporting of child abuse and neglect cases has also now passed the legislature.

### **Economic Development**

Several very important pieces of legislation dealing with economic development are still in committee. One is [HB 10-1396](#), which would eliminate all enterprise zone tax credits. The other is [HB 10-1350](#), which would require that any business or other entity that receives public money for economic development to file an annual report detailing the number of jobs created as a result of those tax credits or incentives. Both bills are opposed strongly by the business and economic development community. Passage of either or both of these bills would put Colorado at a serious competitive disadvantage with other states in terms of attracting and retaining primary employers.

### **Miscellaneous**

By far the largest citizen turnout for legislation this year has been over medical marijuana regulations. [HB 10-1284](#), which is pending in the House, addresses the regulation of dispensaries. [SB 10-109](#), which has passed both houses but is awaiting conference committee, addresses the doctor-patient relationship.

### **Ballot Initiatives**

Once again, we feel compelled to remind the reader of three extremely damaging ballot initiatives that have been certified for the 2010. These are [Proposition 101](#), [Amendment 60](#) and [Amendment 61](#). These initiatives, if passed in the November general election, will have disastrous impact on the state, the state's schools and colleges, transportation funding and local governments across the state. The [Bell Policy Center](#) has done an excellent review of the impact of each of these initiatives and we suggest that you study these before deciding to support any of these initiatives at the ballot.

### **Summary**

This has proven to be a most interesting legislative session. The partisanship, always more evident in election years, is probably stronger than any Capitol observer can remember. This is exacerbated by the economy and the extremely difficult budget decisions that legislators are faced with every day. The state is broke. Painful cuts have had to be made and increases in revenue have been necessary.

We will be watching, lobbying and reporting on the various issues and will continue to keep you informed. Please feel free to visit our website at [www.lobbycolorado.com](http://www.lobbycolorado.com) for more information as the session progresses.

*This mid-session review of the 2010 session of the Colorado General Assembly has been prepared by Danny L. Tomlinson, Ed Bowditch, and George Dibble. It may be reproduced/distributed with appropriate attribution.  
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#### **Sources for Data in 10-Year Comparison**

- <sup>i</sup> From Legislative Council, Dec. 2009 Quarterly Revenue Estimate
- <sup>ii</sup> From Colorado Department of Education
- <sup>iii</sup> From Colorado Department of Higher Education
- <sup>iv</sup> From Legislative Council, Dec. 2009 Quarterly Revenue Estimate
- <sup>v</sup> From the Department of Health Care Policy and Financing