



Colorado Counties, Inc.

April 14, 2008

Legislative Report

CCI Meeting Reminder

All steering committee meetings are held at CCI.

CCI 2008 Summer Conference

June 9-11, 2008
Vail Cascade
Eagle County

Friday, July 25

- 9:00 – 10:30 a.m.
Tourism, Resorts & Economic Development
- 10:30 – 12:00 p.m.
General Government
- 12:30 – 2:00 p.m.
Taxation & Finance
- 2:00 – 3:30 p.m.
Transportation & Telecommunications

Friday, August 1

- 9:00 – 10:30 a.m.
Public Lands
- 10:30 – 12:00 p.m.
Agriculture, Wildlife & Rural Affairs
- 12:30 – 2:00 p.m.
Land Use & Natural Resources
- 2:00 – 3:30 p.m.
Health & Human Services

For access to other *Legislative Reports* go to: www.ccionline.org.

800 Grant St., Suite 500
Denver, CO 80203
Ph) 303.861.4076
Fax) 303.861.2818
www.ccionline.org

Colorado's Economic and Revenue Forecast

Four times a year, Colorado's Legislative Staff publishes a state economic forecast spanning a five-year period. The forecast projects revenue growth for the state's general fund and identifies economic trends impacting the state's economy. This highlights excerpts from the March 2008 forecast.

Transportation

Overall, there will be little growth in transportation funding over the next five years. Between fiscal years 2008-09 and 2010-11, HB02-1310 transfers to highways will be eliminated and SB97-1 diversions will be reduced. HB02-1310 requires the General Assembly to transfer any general fund surpluses less the statutory reserve requirement to the Highway Users Tax Fund (HUTF) and to capital construction. SB97-1 sets aside 10.355% of the state sales tax revenue from the general fund to the HUTF. This set-aside, however, only occurs after there is enough money to fund the state's general fund at a 6% growth rate and the state's 4% statutory reserve.

As for transportation-related cash fund projections, the state is projecting an annual average growth rate of just 1.4% over the five-year forecast period. The state's transportation related cash funds include the HUTF and the State Highway Fund, which receives funding from motor fuel taxes and registration fees.

Mineral Revenue

The forecast for severance tax collections for the current fiscal year is projected to total \$127.1 million. Severance tax revenue is growing because of the rise in both the production and the price of

natural gas. The opening of the first segment of the Rockies Express Pipeline and market conditions will push natural gas prices even higher in 2008. In fiscal year 2008-09, severance taxes are expected to reach \$245.4 million.

As for federal mineral lease (FML) revenue, projections indicate that revenue will grow from \$134.3 million in the current fiscal year to \$165.2 million in fiscal year 2008-09 and \$185.6 million in fiscal year 2009-2010. Estimates include both bonus payments, as well as, royalties and rents. As with severance tax growth, FML growth is driven by both increased natural gas production and prices.

Sales Tax

Although consumer spending in Colorado has shown resilience in the face of declining home values and negative economic news, sales tax revenue is projected to decline during the remainder of this fiscal year. However, Legislative Council indicates that the federal economic stimulus package may offset some of this weakening. For fiscal year 2008-09, a weaker job market, high food prices, and high energy costs will force consumers to buy fewer taxable goods and services. With this in mind, sales tax revenue is expected to grow by only 2.9% in fiscal year 2008-09, which is slim in comparison with a 6.4% growth rate for the current fiscal year.

Gaming Revenue

In fiscal year 2006-07, total gaming revenue, this includes taxes, fees, and interest earnings, increased by 6.3%. Slower growth rates in the current fiscal year and fiscal year 2008-09 are expected due to a slowing economy and less personal income growth. In addition, the smoking ban that took effect in January 2008 will have a modest negative impact on revenue.

Colorado Economy

According to Legislative Council, the slowdown in Colorado's economy is expected to occur more quickly than previously anticipated due to the deterioration of the national economy. While the housing market shows significant weakness, it is performing better than other areas in the nation. Consumer spending remains unexpectedly healthy, but will slow over the next year. While a slowdown in the state's economy is anticipated, Colorado will outperform the nation as the state has ongoing benefits from the energy sector, a recovery in the advanced technology sector, international tourism caused by a weaker dollar, and a softer landing in the housing sector.

Source: Colorado Legislative Council Staff's *Focus Colorado: Economic and Revenue Forecast, 2007-2012*. Dated: March 20, 2008.

General Government (GG)

HB08-1378, Ranked Voting Methods (Kefalas, Gordon)

CCI Position: Oppose

This bill, as originally drafted, allowed ranked voting, instant runoff voting, choice voting, or proportional voting as options in elections. The original bill had a requirement that counties only use machines that would be able to accommodate ranked voting options. This would have been a significant fiscal impact on the counties. Amendments offered in committee now take the counties out of the bill and allow municipalities to offer ranked voting methods if they choose.

SCR08-003, Concerning Changing Initiative Process (Tapia, White)
CCI Position: Support

This bill would allow the voters of Colorado to approve changes on certain requirements needed for citizen initiative petitions. It changes the number of signatures necessary to submit an initiative to 4% of the total votes cast for the office of the governor for statute changes and 6% for constitutional changes. A specific percentage of signatures would have to be collected from all congressional districts throughout the state.

Initiative petitions changing the Constitution would have to be submitted to the secretary of state's office five months prior to the date of the election and no statutory change initiated by the citizens could be amended or repealed for six years unless two thirds of the Senate and House agree.

Questions or Comments? Contact Andy Karsian at 303.883.9381 or akarsian@ccionline.org.

Health & Human Services (HHS)

HB08-1391, Mental Health Services Child Abuse Pilot (Romanoff & Buescher, Keller & Morse)
CCI Position: Support

This bill creates the Mental Health Services Child Abuse Pilot Program to provide mental health screening, evaluation, and services to children who are involved in a neglect or abuse case. The children have to be between the ages of four and ten, and the neglect or abuse cases had to have been confirmed by the county social services department in order to participate. These services are available to the children in these cases regardless of their placement after the investigation, whether it is back with the parents, at a foster home, or under court supervision. At least two counties will have to participate in the pilot program through applications submitted by the county social services departments and selected by the State Department of Human Services. The counties will have to commit available resources to participate in the program. Then, it is up to the State Department of Human Services to evaluate the pilot program and complete a report to the House and Senate health and human services committees.

The pilot approach is an excellent manner to determine and provide appropriate treatment for victims of child abuse and neglect. This approach will allow the state to identify best management and treatment practices, work with volunteer counties, and contain the impacts to those willing volunteers.

SB08-210, Child Care County Reimbursement Rates (Shaffer)
CCI Position: Monitor

In the spirit of improving the quality of child care throughout the state, this bill establishes child care county reimbursement rate requirements. The State Department of Human Services has to conduct a statewide survey every two years to determine the market rate of child care within each county. The county then has to reimburse child care providers who are participating in the child care assistance program (CCAP) 75 percent of the county's market rate, or the provider's rate, whichever is cheaper. Counties with populations of 25,000 or less must combine their survey data with other counties of equal or less population and similar

demographics to obtain the market rate. This bill says that the department shall require a county to include plans to improve child care quality in its county plan.

The bill was heard in Senate Committee on Health and Human Services on March 26th and passed to the floor for second reading. This was also the first time a fiscal note was available for SB 210. While CCI lobbyist, Pat Ratliff, has worked with the proponents in their effort to present a bill that would be acceptable to counties, the understanding was that the bill's fiscal impact would be perhaps \$2 million statewide. Pursuant to the fiscal note, SB 210 costs will approach or exceed \$12 million annually. For several counties, the impact would exceed several million dollars. Their concern is that the actual impact could result in fewer children having access to CCAP day care. This is certainly not the goal of the proponents or the counties.

At this time, the proponents, representatives for six counties, CCI, and the Colorado Department of Human Services experts have worked out an amendment that would allow the increases in provider reimbursement to be phased in over five years. It spreads the fiscal impact, leaving the counties to set their own pace and management priorities to accomplish the new rate by June 30, 2013. Additionally, as the bill is not effective until July 1, 2009, there is no need for an appropriations clause and the fiscal note has been revised to reflect the county flexibility contained in the compromise amendment. Counties involved in the compromise discussion were several of the most significantly impacted, and CCI greatly appreciates their expertise and participation in this discussion.

Questions or Comments? Contact Pat Ratliff at 303.668.0264 or plr45@aol.com.

Land Use & Natural Resources (LUNR)

HB08-1319, Factory Built Structure Requirements (Soper, Kester)

CCI Position: Support with Amendments

As current law dictates, factory built structures, commercial structures, and manufactured homes have to be certified if they are manufactured, repaired, or sold in Colorado. HB 1319 attempts to ensure the safety of occupied structures that were built or repaired outside of Colorado. It requires the Division of Housing to make rules for the training, certification, and testing of installers of manufactured units. Occupied units must have an approval insignia showing inspection passage.

Counties are interested in this legislation, in particular, because the bill recognizes the need to inspect residential and non-residential manufactured structures that are brought into the state without the in-factory reviews normally applied by the state. This will ease many local concerns regarding safety and structural soundness of these buildings that have become prevalent in many areas, such as the oil and gas exploration sites throughout the state.

The bill was amended in Senate Business Affairs and Labor to increase the number of hours of training required by installers, and to tighten the overall standards for installation and inspection. The bill was passed to the Senate Committee on Appropriations.

The Senate is working diligently to get through literally dozens of bills awaiting action in the Appropriations Committee. At this point, HB 1319 is calendared for hearing on Wednesday, April 16, 2008.

SB08-119, Authorize Domestic Exempt Cisterns (Romer)

CCI Position: Monitor

This bill establishes ten cistern pilot projects as selected by the Colorado Water Conservation Board (CWCB) over the span of about five years. These projects are to be on new residential developments and the CWCB is to consult the State Engineer in these projects. The cisterns are to hold up to 5,000 gallons of rainwater over the roofs of single-family primary residences. The bill includes provisions dictating how the water can be used: fire protection, watering of farm animals, and irrigating gardens and lawns smaller than one acre.

The bill has a small fiscal impact of less than \$8,000 annually. It has been passed by the Senate Appropriations Committee with an appropriations clause which takes the funding from the Colorado Water Conservation Board funds. The bill passed the Senate, and was introduced in the House on April 4, assigned to the House Agriculture Committee and the House Appropriations Committee. Depending upon the pilot results, SB 119 has the potential to help reinstate a historical water storage methodology. This may have benefits to rural areas in Colorado. The pilot will examine whether such storage has any injurious impact to downstream water users, and the information from the pilot will be very helpful in moving this "historical" innovation forward.

Questions or Comments? Contact Pat Ratliff at 303.668.0264 or plr45@aol.com.

Public Lands (PL)

SB08-221, Authority to Issue Bonds for Forest Health Projects (Romer & Gibbs, Scanlan & White)

CCI Position: Monitor

SB 221 allows the Colorado water resources and power development to issue bonds to pay for forest health and watershed projects. This bill originated from the idea that water users have a responsibility to protect the watersheds in the Colorado mountains from fire. Money generated from water providers could be bonded to provide more revenue to treat lands in priority watershed areas.

The intent and idea of this bill is not new and another potential revenue source for additional funding for forest health is welcome. Denver Water has expressed serious interest in contributing to the fund, through a surcharge on customers, but it is still uncertain whether other water providers will also participate in the pool. It is also still unclear is how the various agencies that manage Colorado's forests will administer projects through the memorandum of understanding.

Questions or Comments? Contact Andy Karsian at 303.883.9381 or akarsian@ccionline.org.

Taxation & Finance (TF)

SB08-194, Public Health Reorganization (Hagedorn, McGihon)

CCI Position: Support with Amendments

This bill attempts to modernize statutes concerning county and district health departments and agencies. In addition to creating a public health fund, it requires the Colorado Department of Public Health and Environment to form a plan that is ultimately approved by the state board of health. It requires the county to either form a county public health agency or jointly form a district public health agency with another county. Each county or district must have a board of health and prepare a local public health plan. The health practitioners employed by these public health agencies are covered under governmental immunity because they are considered government employees.

The current version of the bill is the result of various stakeholder groups working with CCI to incorporate county concerns. The bill was heard in Senate Health and Human Services Committee on Thursday, March 20, 2008, where amendments addressing the CCI Tax and Finance Steering Committee's concerns were added to the legislation. This particular steering committee is supporting the bill as amended.

SCR08-001, Expand Existing Property Tax Exemptions (Williams, Looper & Todd)

CCI Position: Monitor

This resolution refers to the voters of Colorado the question of expanding the eligibility of senior and disabled veteran property tax homestead exemptions. The property tax exemption is defined as the first 50% of the residential property market value up to 200,000. Currently, seniors over 65, their surviving spouses, and disabled veterans are eligible for these exemptions as approved by voters in previous elections. The current resolution before the Legislature would allow surviving spouses of disabled veterans to be eligible for the exemption as well. A previously qualified senior would be allowed to move once within the state up to ten years before the applicable tax year and still be qualified for the exemption. Also, they would be allowed to move more times and still qualify if the reasons for moving were results of natural disasters or the use of eminent domain. In 2007, a total of \$81 million was exempted in property taxes. However, the state reimburses counties for these exemptions from the general fund.

Questions or Comments? Contact Bill Clayton at 303.884.7618 or claytonwjc@aol.com.

Transportation & Telecommunications (TT)

SB08-222, Allocate More SB97-001 Funding for Transit (McElhany)

CCI Position: Pending

This bill increases the amount of money that is transferred from the sales and use tax holding fund to the highway users tax fund and eventually credited to the state highway fund. This money must be used for transit purposes or transit-related capital improvement projects. As of July 1, 2009, this amount is increased from 10% to 20% of these revenues. The bill has been assigned to Senate Committee on Transportation.

HB08-1278, Eminent Domain by RTD (Summers & White, Tochtrop)

CCI Position: Oppose

This bill limits the Regional Transportation District (RTD) powers of acquiring land through eminent domain. These powers can only be used for the purpose of providing public transit and other related secondary purposes in the same effort. Once acquired, the ownership of property cannot be transferred for other purposes such as economic development. This bill clarifies the definition of "public transit purposes," and specifies structures such as parking do not constitute "public transit purposes." This bill will have impacts on the RTD's ability to proceed with FasTracks plans. CCI's objection to the bill was an amendment mandating the state or any political subdivision to participate in nonbinding mediation with the owner of the subject property prior to commencing an eminent domain action.

The bill is now expected to be amended. When RTD condemns land for FasTracks, if there is any land left over after building is completed and before RTD can use the land, the previous owner must be contacted. The local government provision will be taken out of the bill.

HB08-1007, Modify Toll Road Notice Requirements (Looper, Tapia)

CCI Position: Support with Amendments

This bill concerns the sending of notice by a private toll road company's proposed toll project. Instead of requiring the company to send it to every county clerk and recorder of the encompassed counties, it requires the notice be sent to each municipal, county, or regional planning commission that is responsible for any part of the planning in the three mile corridor. The bill has requirements for public viewing of notices, as well as declaring filings by the company before the bill's effective date to be void. It removes liens on real estate titles on parcels of land located inside of the proposed toll road corridor.

The bill is in the Senate and was taken off the table so the sponsor can work on additional amendments. There is significant opposition to the bill from numerous individuals who want the Legislature to completely remove the concept of the toll road. Furthermore, it raises some constitutional issues that have yet to be resolved.

Questions or Comments? Contact Tony Lombard at 303.884.9113 or tony@lombardclayton.com.