

Legislative Report

CCI Meeting Reminder

All steering committee meetings are held at CCI.

Friday, April 17

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, April 24

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

State Revenue Forecast: The Good and the Bad

After much anticipation, the state's current revenue forecast was released on Friday, March 20th. The bad news is that the state must find a way to cut an additional \$200 million from the current year's budget (SFY 2009). The good news, for now, is that this additional revenue loss is lower than many were anticipating.

At the JBC meeting where the new forecast was released, state staff reported that their meager sales tax revenue projections were panning out as expected. The large drop in income taxes, however, was not anticipated. State staff explained that the unprecedented rate at which the economy contracted in response to the events in the financial markets caused the reduced expectations for taxes from business profits and individual wages and salaries. And, while the steep declines in the stock market had been anticipated and factored into earlier revenue projections, the speed and depth of job losses over the last few months were unexpected. March's projections factor in reduced income based on worker furloughs and lower wage growth.

Reporting on other revenue losses, state staff explained that sales tax revenue dropped 5.7% through the first eight months (July 2008 – February 2009) of SFY 2009. Much of this loss is because of a drop in automobile purchases and other durable goods which typically account for about a quarter of the state's sales tax collections. And, while severance tax revenues remained strong for the first part of SFY 2009, they are expected to drop anywhere between \$115 - \$200 million in SFY 2010. The sharp decline in energy prices in conjunction with the claiming of higher severance tax property tax prepayment credits accounts for this loss. Federal Mineral Lease (FML) receipts will fare a bit better than severance tax

receipts because the property tax credit referenced above cannot be claimed for mineral development activities occurring on federal lands.

So, what does this all mean for local governments? Grant funds for DoLA's Energy and Mineral Impact Fund will drop off substantially from this year's high. Local governments who receive direct distribution from severance tax and FML will see a decline in their payments. And transfers to SB-1's strategic "7th pot" projects will remain at zero until SFY 2012.

As for the state, legislators will now have to find an additional \$200 million to shore up this year's budget. This shortfall will require action in addition to the actions state legislators took a couple of weeks ago to trim departmental budgets, transfer cash fund balances, lower the state's statutory 4% reserve, postpone Fire and Police Pension Association payments and other activities. It also already considers financial support the state will receive for Medicaid under the American Recovery and Reinvestment Act.

Many believe that Colorado's economy will be in recession until some time in 2010. Others predict it will take much longer to recover. Last Friday, state staff commented that they believe we are currently in the worst part of the recession. Regardless of where the truth might lie, state and local leaders alike are proceeding cautiously with their current and future budgets.

Agriculture, Wildlife & Rural Affairs (AWRA)

SB09-235, Certain Fees Charged By the Division of Wildlife (Gibbs and Isgar, Merrifield)

CCI Position: Monitor

This bill continues and expands the existing habitat stamp program in the Division of Wildlife (DOW). The price for an ordinary stamp is increased from \$5 to \$10 and the price for a lifetime stamp is increased from \$200 to \$300. The money pays to protect Colorado wildlife habitat. Hunters and fishermen pay for the habitat stamps when purchasing a license. Hikers and visitors can buy the stamp but few know about the program and non-sportsman sales represent about 3% of total sales. SB09-235 allows the DOW to use money to market the habitat stamp to non-sportsmen, something they could not do before.

The bill also states that the DOW may not acquire a third party conservation easement using habitat stamp funding unless the organization asking for the easement or another source outside the division contributes 15%. Conservation easements and access points dominated testimony in committee. The opposition did not testify against the bill as much as they testified that the bill did not go far enough. Sportsmen argued that since they generate the majority of the habitat stamp revenue, there should be more access to DOW lands or there should be other land management alternatives offered. Language was added in committee that clarified monies could be used for weed management and fencing on DOW lands. Additionally, language was added to clarify that revenue from this program will focus on providing public access to the public for wildlife-related recreation.

The bill is now pending on 2nd reading in the Senate.

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

General Government (GG)

HB09-1291, Veterans Resource Information Clearinghouse, (Nikkel, Shaffer B.) **CCI Position: Support**

This bill would help coordinate the multiple efforts currently underway in Colorado dealing with veterans' health services. Many nonprofit, governmental and private programs are working to improve veterans services throughout Colorado, but there is not a place where a single individual could go to research what services are available within the state. This bill would allow the Division of Veteran's Affairs to use grants, gifts and donations to develop a database and clearinghouse of information that would help to streamline the various efforts and programs dealing with veteran's services.

The bill passed out of the House State Affairs Committee the Appropriations Committee, even though there is no fiscal impact to the State. The fiscal impact may occur in future years with ongoing costs within the Division.

The bill is now pending on 2nd reading in the House.

HB09-1235, Neighbor Cleanup Good Samaritan Law (Acree) **CCI Position: Support**

HB09-1235 would have provided Good Samaritan immunity for property owners and local volunteers who wished to abate nuisances, such as weed or trash removal and general property maintenance, on unoccupied residential properties. Immunity would have covered owners against claims by volunteers working on the property.

There was a concerted effort by members to figure out the balance between allowing properties in foreclosure to be maintained to protect neighborhood property values and the amount of protection banks or mortgage brokers would have if they were not maintaining the property. Amendments were offered to include counties in the bill since many foreclosed properties lie in unincorporated areas, however, the immunity balance could not be achieved and the bill was postponed indefinitely in committee.

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

Health & Human Services (HHS)

HB09-1273, Concerning Universal Health Care for Colorado (Kefalas, Foster) **CCI Position: Monitor**

HB09-1273, which creates a process for moving Colorado toward a universal health care system, was heard March 18, 2009, in a very lengthy hearing in the House Business Affairs and Labor Committee. The bill, as discussed in a previous *Legislative Report*, would create a board which would be charged with bringing about a plan for transitioning Colorado to a universal health care system. Single-payer is one of the elements that may be considered by the Board.

While the Governor and the Department of Health Care Policy and Financing are not supporting the legislation, Director Henneberry testified to the many provisions of the bill that are

supported by the administration. After a six hour hearing, the committee voted 5 to 4 (with two members excused) to pass the bill.

The bill has a long journey ahead, but this first vote is a very important one, as is the subject matter of this ambitious legislation.

HB09-1293, Medicaid Hospital Provider Fee (Riesberg and Ferrandino, Keller)

CCI Position: Support

This is the Medicaid hospital fee bill that has been discussed in a previous *Legislative Report*. The bill was heard in the House Health and Human Services Committee last Friday, March 13, 2009. This was a lengthy and wide-ranging hearing that included testimony from health care professionals, hospital coalitions, the disabled community and finally counties. Commissioner Susan Beckman, Arapahoe County Chair, and Pat Ratliff, CCI lobbyist, discussed the concerns held by counties regarding the proposed increased eligibility to more than 100,000 new Colorado citizens. Many county directors and legislative liaisons worked on this important legislation, primarily concerned that there is legislative recognition of the work performed by counties in screening applicants for Medicaid eligibility. The committee was very supportive, as were the co-prime sponsors, Rep. Riesberg and Rep. Ferrandino, and a committee amendment was adopted to make it clear that county administrative costs to perform eligibility screening and other related responsibilities are included in the cost of the new program.

CCI is grateful for the support of the committee members and the sponsors and we look forward to continuing to provide information and support to these legislators as they work on this expansion of Medicaid.

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

Land Use & Natural Resources (LUNR)

SB09-238, Concerning Enforcement of the Existing Limit on Local Government Building Fees Applicable to the Installation of Active Solar Energy Devices (Mitchell, Solano)

CCI Position: Oppose

This bill defines "permit fees" as the total compensation received by a county or municipality for approval of the installation of an active solar energy device, from any source or in any way connected with the installation. Such fees are limited to the lesser of the local government's actual costs of issuing the permit or \$500.

The bill creates a private right of action for an individual against a local government that violates this limit. The bill directs the court to award attorney's fees to the prevailing party in such an action, and if the plaintiff is the prevailing party, three times the total amount of unauthorized fees.

Last year, in SB08-117, the legislature capped local government permit fees for the installation of active solar energy devices at the lesser of the local government's actual costs of issuing a permit or \$500. This bill re-defines permit fees as the total compensation received by a local government for approval of the installation, so that such governments will not add other fees to the review process to avoid the established cap.

SB09-238 seems punitive and over-reaching in its micromanagement of local governments' normal fees for inspections, plan modifications and other routine land use and planning activities that may occur during a project.

**SB09-216, Increase Cash Funds in the Division of Water Resources (Tapia, Pommer)
CCI Position: Support with Amendment**

This bill was one of the bills introduced during the 2008-09 budget reduction process several weeks ago. In that process many programs were reduced or eliminated and many other fee based programs saw increased or transferred fees. All the actions were taken to balance the current budget, as well as increase revenues or reduce costs going into the 2009-10 budget year.

In SB09-216, the legislature would increase well permit fees, substitute water supply plan fees and dam review and inspection fees by fairly significant amounts. In the case of the dam fees, for a new reservoir going in in Douglas County, the Rueter-Hess, the cost under SB09-216 would have jumped from \$2,000 in current law, to over \$400,000 under the proposed bill.

During the hearing in House Agriculture, Livestock and Natural Resources, the bill was amended by Rep. Sonnenberg, resulting in no fee increases. Instead, the amendment uses a half million in unencumbered Low-income Energy Assistance Program funds to backfill the current reductions in the Division of Water Resources. The amendment does not deal with the budget shortfalls in 2009-10, but holds the specific fees at their current level for now.

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

Public Lands (PL)

**SB09-20, Wildland-Urban Fire Chain of Command (Gibbs, Scanlan)
CCI Position: Monitor**

This bill came out of an interim committee that met last summer dealing with wildfire in Colorado. This bill seeks to clarify the chain of command in the counties when a wildfire occurs. Current statute states that County Sheriffs are the wildfire authority in the county and the bill reaffirms this. Additionally, the bill specifies processes for fire districts and county sheriffs to coordinate resources in fighting fires.

This bill will not impact most counties since they have plans in place to deal with fire emergencies. There was some concern from Commissioners that SB09-20 would increase costs for county sheriffs or Commissioners would have to approve increased funding for additional planning or fire fighting costs they did not authorize. Language in the bill specifies that the chain of command and new planning requirements are still subject to CRS 30-10-513, which states that the BOCC may make appropriations as it deems proper for the purpose of controlling fires in the county. This section is repealed in the bill, but the reenacted language in the bill reinstates the existing CRS language into the new language clarifying roles and responsibilities for fire chiefs and county sheriffs.

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

Taxation & Finance (TF)

HB09-1250, Federal Money to County for School Districts (Merrifield, Penry)

CCI Position: Oppose

CCI opposes HB09-1250 as it is a one-size-fits-all approach to a very complex issue. HB09-1250 would change the minimum allocation of federal forest payments distributed to school districts by counties from a current 5% up to a minimum of 50%. With the brevity of the introduced bill, it would seem to be a simple inquiry, more money for public schools; however, the situation is not at all that simple.

Congress reauthorized the Secure Rural Schools and Community Self-Determination Act (SRSCSDA) of 2000 this past fall and at the same time reauthorized full funding for the Payment in Lieu of Taxes (PILT) program. These twin authorizations were part of larger emergency legislation to help stabilize the U.S. economy. The reauthorization of SRSCSDA was for four years and PILT for five years.

There is interplay between the two funding mechanisms. PILT was designed by Congress to compensate local governments for lost property tax revenue. Until last year PILT had never been fully funded by Congress. Separately, the SRSCSDA was passed by Congress in 2000 to provide forest counties an alternative to prior vagaries of forest payments through the U.S. Department of Agriculture. Under PILT rules, any payments to schools of SRSCDA funds will not act as "prior year payments" under PILT for the subsequent year, however, requiring a minimum payment under SRSCDA as under HB09-1250 may not be offset by a county's PILT payment in the following year, thereby reducing the total amount of federal funds receivable by that county and statewide.

HB09-1250 was amended by the House to alter payment dates from the state to county treasurers, to require involvement and negotiation over amounts in excess of the required minimums and to have a "scale in" for Option B counties.

None of these amendments substantially changed the "one size fits all" nature of the bill.

SB09-173, Regional Tourism Projects (Veiga, Rice)

CCI Position: Oppose unless amended

SB09-173 creates a mechanism for a local government to undertake a regional tourism project (project), to create a regional tourism zone (zone) in which the project will be built, and to create a regional tourism authority (RTA) or to designate other financing entities with the power to receive and utilize tax increment financing (TIF) with revenues derived from the state sales tax collected in the zone to be used to finance "eligible improvements" related to the project.

While the bill's structure and new authority seem to be mainly creating RTAs, a "financing entity" under the bill may be an existing urban renewal authority (URA) created under Title 31. Under the bill, an existing or new URA could utilize not only the state sales tax increment for up to 30 years, but also the locally-assessed property tax for up to 25 years, per current law, leaving virtually no taxes generated for decades on specific development projects. CCI believes that urban renewal statutes are in dire need of reform in many ways and that SB09-173 will not only create yet another vehicle for diversion of voter-approved taxes for private, special

interests (without a vote of the people), but also will exacerbate the problems with existing urban renewal law.

Questions or Comments? Contact Chris Mendez at 720.352.7326 or cmendez@ccionline.org.

Tourism, Resorts & Economic Development (TRED)

HB 09-1010, Expand Film Production in Colorado (Massey and McGihon, Gibbs and Spence)

CCI Position: Support

HB09-1010 creates the Colorado Office of Film, Television and Media (office) within the Colorado Office of Economic Development in the Governor's Office. The bill also creates a refundable tax credit for income tax years commencing on or after January 1, 2009, but prior to January 1, 2014. Before principal photography begins on a film in Colorado, applications for the credit must be submitted to the office for review and conditional approval. The credit shall be up to 10 percent of a production company's total qualified expenditures (as determined by the office), including payments made by a production company operating in Colorado to a business in Colorado in connection with a film produced in the state, plus payroll expenditures that exceed \$250,000. Expenditures in excess of \$3 million per employee or contractor are excluded. The aggregate sum of credits annually approved by the office, including credits carried forward, shall not exceed \$10 million in any income tax year. Although the creation of the office and the income tax credit do not directly affect county government, film production activities contribute substantially to local economic activity and consequently county revenues as well and for these reasons the commissioners voted to support the bill. HB09-1010 is currently pending in the House Appropriations Committee.

Questions or Comments? Contact Chip Taylor at 303.861.4076 x 231 or jtaylor@ccionline.org.

Transportation & Telecommunications (TT)

HB09-1034, Allow Regional Transportation Authority to Levy Property Taxes (Liston, Gibbs)

CCI Position: Support

HB09-1034 expands the voter-approved revenue tools for regional transportation authorities (RTAs) to include up to a five mill levy on property within the authority. RTAs currently do not have this power and could greatly enhance the provision of services for RTAs statewide, particularly in jurisdictions with lower sales tax bases. CCI has supported such a concept historically and supports HB09-1034 in order to allow local voters to make the decision of supporting regional transportation and transit, should they see fit. HB09-1034 extends this authority for 10 years beginning 2009.

The bill has passed the Senate Finance Committee and now goes to the Senate floor.

Questions or Comments? Contact Chris Mendez at 720.352.7326 or cmendez@ccionline.org.