

# 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

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## **Budgeting for SFY 2009-2010**

Two weeks ago, our lead article highlighted the state's precarious financial situation with a report on the Legislative Council's March 20<sup>th</sup> Revenue Forecast. Last week, we explained how the Joint Budget Committee (JBC) plans to balance the current fiscal year's budget (SFY 2008-09) which ends June 30, 2009. This week, our focus turns to next year's budget (SFY 2009-10) and how the JBC intends to fill a budget shortfall of \$725 million.

With few cash funds left to raid and accounting gimmicks exhausted, the JBC reduced their shortfall by half by proposing policy changes that will reduce the state's expenditures and piecing together departmental and programmatic cuts. Specifically, the JBC suggested eliminating the "senior and veterans homestead exemption" for the next two years, saving the state \$91.4 million in SFY 2009-2010 and \$97.6 million in SFY 2010-2011. JBC members also recommended zeroing out the "vendor fee" between July 1, 2009 and July 1, 2011. For the next two years, vendors must remit all the sales tax they collect for the state rather than retaining 3.33% of their total sales tax collections to cover their administrative costs. Additionally, the JBC allocated portions of the state's "flex funds", dollars that Colorado will receive via the American Recovery and Reinvestment Act, to both higher education and K-12.

As far as counties are concerned, the JBC recommended two cuts that will impact human services and the Highway Users Trust Fund (HUTF). In the human services arena, the JBC voted to accelerate, by six months, the timeframe for which counties will bear a larger share of residential child care center facility costs. Last year, SB08-216 limited the county share of residential child care center facility costs to 10% for two state fiscal years. However, beginning July 1, 2010, the county share was set to increase to

20%. With the JBC's action, the county share will increase to 20% beginning January 1, 2010.

In correspondence between Colorado Department of Human Services and the county social services directors in February, there was agreement that the counties would try to cover a larger match earlier than SB08-216 required, with the caveat that moving the date to the state's fiscal year would work a hardship on county budgets. The compromise decision by the JBC makes the new 20% match requirement effective on the counties' calendar budget year (January 1, 2010).

The JBC's impact to the HUTF reflects a policy decision to ultimately cash fund state driver's license offices. Currently, a portion of each driver's license fee flows into the HUTF. Over the course of the next two years, the JBC intends to redirect this revenue away from the HUTF and directly to the Division of Motor Vehicles. Beginning July 1, 2011, a total of \$20 million will be diverted from the HUTF resulting in a reduced share for the state, counties and cities. It should be noted that Governor Ritter's Office of State Planning and Budgeting is opposed to such a cut.

So, how does the JBC propose balancing the other half of the state's projected \$725 million? Higher Education will be cut by \$300 million. The JBC, however, is looking at ways to backfill this cut by transferring an amount from Pinnacle Assurance's reserve fund. Pinnacle Assurance, a quasi-governmental entity that provides workers compensation coverage to Colorado-based companies, has expressed reservations about this approach.

While the JBC has completed its job of drafting the SFY 2009-10 budget (a.k.a the "Long Bill"), the process of getting it through both chambers and to the Governor's desk has just begun. The Long Bill will be introduced in the Senate on Monday, April 6<sup>th</sup>. At that point it will be subject to multiple attempts to amend it. CCI will continue to be actively engaged in the state's budget conversations and will update counties on actions that affect local governments.

## **General Government (GG)**

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### **SB09-006, Concerning a Mobile County Jail Identification Unit (Boyd, Solano) CCI Position: Support**

Over the last three years, the Denver metro area counties have quantified the impact of seriously mental ill inmates in county jails. In the seven metro county jails, there is an average of 155 seriously mentally ill inmates on any given day. The costs to treat, support and house these inmates totaled more than \$9 million last year for the metro counties. While studying the issue, a task force organized to study this problem discovered that mentally ill inmates without identification upon release are more likely to recidivate and return to jail. CCI and community mental health providers have had conversations with the Department of Revenue (DOR) throughout the last year, however, the DOR has been unable to move forward toward implementing the idea of a mobile ID van going to metro county jails to process IDs so inmates have higher access to benefits upon release.

In the fiscal climate of the state, it is difficult to find money for any program. DOR's fiscal note, while manageable for this worthwhile program in good years, has forced changes in the bill. Language will be introduced in Senate Appropriations that will allow counties and DOR to rely on grants, gifts and donations to fund the program. While this option is not the optimal alternative which counties sought, it will keep this important bill alive, while conversations

continue between the counties and DOR on how to implement the mobile ID unit, once DOR's computer refresh is accomplished and further logistics can be worked out.

**HB09-1326, Concerning the Integrity of the Statewide Initiative Process (Court, Schaffer, Carroll, T)**

**CCI Position: Pending**

This bill seeks to make several changes in the initiative process in Colorado. It will decrease opportunities for fraudulent signature collection on initiatives and clarify when petitioners are seeking signatures for constitutional amendments or statutory changes. The bill changes deadlines for title setting, filing petitions and withdrawing initiatives. The bill also increases regulation of the petition process. Circulators must be registered with the Secretary of State, paying circulators on a per signature basis will be prohibited, and circulators will be required to provide and maintain a current address. The process for notarizing petition signatures will be tightened and the Secretary of State will keep circulators' paperwork on file for future follow up, if questions about the petition arise.

The only part of the bill that troubles CCI is the language that would require election ballots to print above each referred or initiated measure on the ballot an additional seven lines explaining the difference between an amendment or a proposition. While this distinction is important in many ways, Colorado's ballots are extremely long and currently complicated. Adding mandated additional language onto the ballot increases the length, possibly significantly if there are many measures, as in the 2008 election. Counties pay for the cost of printing ballots and adding superfluous clarifying language increases costs and is not proven to increase voter understanding of the issues.

HB09-1326 received unanimous support from the House State Affairs committee last Wednesday and was referred to Appropriations. CCI will continue to work with the County Clerks and the sponsors, as the bill makes it way forward through the process.

*Questions or Comments? Contact Andy Karsian at 303.883.9381 or [akarsian@ccionline.org](mailto:akarsian@ccionline.org).*

**Health & Human Services (HHS)**

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**SB09-223, Concerning Revisions to the Retail Food Establishment Inspection Process (Boyd, Kerr, Gardner, B.)**

**CCI Position: Support**

This bill establishes a new fee for establishments offering food to workers at temporary living quarters in the oil and gas development industry and increases fees paid by other retail food establishments. The increases will be the first in more than five years for public health department inspection services. The funds will also permit the Colorado Department of Public Health & Environment (CDPHE) to upgrade equipment and modernize their inspection process. The bill makes changes to the Food Protection Act as follows:

- Provides for the uniform statewide administration of food safety,
- Requires follow-up activities by the Department of Public Health and Environment or county or district board of health if critical violations are found during an inspection, and
- Establishes a grievance process for retail food establishments that believe that a county or district public health agency is taking inappropriate action.

The bill passed the Senate Business Affairs and Labor committee some time ago, and just passed the Senate Appropriations Committee with an amendment to the charges for inspection costs at the oil and gas “man camps”. The bill will go to the Senate floor for second reading now. CCI supports this legislation and appreciates the favorable support from the Senate committees who have passed the bill. Thanks to the CDPHE staff as well.

**SB09-245, Concerning Changes to Conform to Portions of Federal Public Law 110-351 Relating to Kinship (Sandoval)**

**CCI Position: Support with Amendments**

The bill amends the Colorado Children's Code to conform to Public Law 110-351, concerning kinship placements. The bill also creates the Kinship Guardianship Assistance Program to provide cash assistance to kinship foster parents who assume permanent guardianship of a child. The kinship guardian assistance program is an optional program allowed under federal law. When the court is considering placing a child with a relative, the bill:

- Requires parents to submit a form listing potential relatives with whom the child may be placed within seven business days after the date of the last hearing, or prior to the next hearing on the matter, whichever occurs first,
- Requires that a copy of the form be delivered to the county department of social services, and
- Specifies that each parent may suggest an adult relative or relatives whom he or she believes to be the most appropriate caretaker for the child.

County departments of social services are required to exercise due diligence to contact all grandparents and other adult relatives within 30 days following removal of a child from the home, unless the court determines there is good cause not to contact such relatives. The county department is required to explain that the child has been removed from his or her home, and to describe the options for the relative to participate in the child's care under local, state and federal law. Under current law, county departments have 90 days to contact relatives.

CCI supports the elements of SB09-245 that bring Colorado into compliance with Federal Law, and recognize the value of these kinship placements in many instances. CCI is only concerned that the bill may be read as mandatory by some Judges, rather than acknowledging that each case needs specific handling and recognition that sometimes kinship placement is simply not in the best interest of some children. CCI continues to work with the CDHS staff on ways to temper this element of the bill.

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

**Land Use & Natural Resources (LUNR)**

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**SB09-031, Concerning the Creation of the Clean Technology Discovery Evaluation Grant Program (Heath, Riesberg)**

**CCI Position: Monitor, Pending Amendment Review**

This bill creates the Clean Technology Discovery Evaluation Grant Program in the Governor's Office of Economic Development and International Trade. The program will provide grant assistance to aid in the commercialization of renewable energy technologies or technologies and

products that aid in energy efficiency, conservation or environmental mitigation.

Grants are permitted to technology transfer offices at institutions of higher education and to early-stage clean technology companies. An early-stage clean technology company is defined as one that receives less than \$5 million from grants and third party investors, employs less than 20 people and is headquartered in the state.

As amended in the Senate, the bill would have increased the voluntary waste tire recycling fee paid by purchasers of new tires. CCI has no problem with the goals of this laudable bill. CCI does, however, fear the potential impacts of a dramatic increase in the fees. CCI, working closely with El Paso County Commissioner Jim Bensberg, was able to prevail on the members of the House Transportation Committee to remove the waste tire fee increases and references from the bill completely. The bill was amended to provide funding through gifts, grants and donations. CCI greatly appreciates the sponsors and the committee members' understanding of the potential unintended consequences of raising these fees.

**SB09-216, Concerning Increases in the Fees Paid to the Division of Water Resources in the Department of Natural Resources (Tapia, Pommer)  
CCI Position: Support with Amendments**

This bill was recommended by the Joint Budget Committee as part of the FY 2008-09 budget balancing package. Beginning March 1, 2009, certain fees collected by the Division of Water Resources in the Department of Natural Resources would be increased. The appropriations to the division were decreased by \$500,000 and modified so that a portion of personal services, operating and indirect costs (now financed with General Fund) would be funded with cash funds. The fee increases were for well permitting applications, substitute water supply plan applications and dam design review.

Applications for new well permits would have increased from \$100 to \$665 and for substitute water supply plans from \$300 to \$2,000. Dam design review fees, which are currently capped at \$3,000, would be calculated on a sliding fee schedule based on the size of the project.

CCI had recommended that the fees be limited to three years, and felt that with a repeal date the bill could be supported. Unfortunately this bill ended up being laid over until June 9, having the effect of killing the bill. A separate bill, HB09-1308, will provide some funds for the Division of Water Resources for 08-09, but will have a much greater impact on 09-10 and years going forward.

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

**Public Lands (PL)**

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**SB09-18, High Risk Wildfire Mitigation Grants (Kopp & Gibbs, King S. & Scanlan)  
CCI Position: Support**

SB09-18 came out of this summer's interim committee on wildfire issues, which originally asked the state for \$10 million a year to fund forest hazardous fuel mitigation projects. These projects are the most effective solution to the problems involving forest health. Fire breaks around communities, thinning dead tree stands and reducing fuel loads in the red zone, have been proven to save lives and property in other states that face similar fire danger.

In the Senate SB09-18's fiscal request was reduced to \$180,000. Although this request is a significant reduction in funds, to one of the state's most pressing issues, it is still important funding which can be immediately used to reduce wildfire risk in the counties. SB09-18 was included in a later bill, HB09-1199, which provides for tier II severance tax funding for the forest projects. Therefore SB09-18 was postponed indefinitely in the local government committee.

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

## **Taxation & Finance (TF)**

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### **HB09-1327, Modifications to the Urban Renewal Law and Tax Increment Financing Impacts (Hullinghorst, Tochtrop)**

#### **CCI Position: Support**

CCI supports HB09-1327 as long-overdue reform to the current one-sided urban renewal statutes. CCI supports urban renewal authorities (URA) and tax increment financing (TIF) when used appropriately and as the original statutes intended, (to remedy slum and blight in urban centers that are otherwise impossible to develop). To be sure, there have been good and appropriate uses of TIF, but over time the law has been abused and led to subsidized development of agricultural and open lands. The use of TIF by a URA is a one-sided event. Local property-tax entities have no real say or seat at the table when municipalities are diverting the essential property tax revenues away from them for up to 25 or more years. These are revenues that the entities use to provide essential services, some mandated by federal or state law and available to all residents. Importantly, school district losses are backfilled by the state, again, without any state voice or oversight. This backfill amounted to over \$55 million last year alone. The cumulative effects of this automatic backfill for the state are unsustainable.

CCI supports URA and TIF reform and HB09-1327 is a method to require local discussions and encourage local agreements to take place. Specifically, HB09-1327 would:

- Require municipalities to consider the impacts of an urban renewal plan on all property tax entities whose mill levies provide the funding for the city's project,
- Require municipalities that want to take more than half of the property tax revenue levied by all local governments for more than five years to enter into an intergovernmental agreement with the affected entity in advance and
- Repeal the existing arbitration provisions which unduly stifle progress on projects without providing real benefit to other property taxing entities.

The bill was passed out of House Local Government and is on its way to the House floor. CCI urges you to contact your Representatives to encourage a "yes" vote on HB09-1327.

### **HB09-1130, Sales Tax Collection by County Governments (Gardner, B. & Isgar)**

#### **CCI Position: Support**

A CCI-initiated bill, HB09-1130, as introduced, would have required the Department of Revenue, upon county initiative, to enter into an IGA for the collection of county sales tax. The introduced bill also would have exempted multi-county "spreadsheet" filers, allowed for the adoption of provisions to collect entities' sales taxes, in addition to the county sales tax, and other related provisions.

After much debate and deliberation on the complexity of the bill with the Department of Revenue, the Colorado Municipal League and the business community, a strike below amendment was offered to permit, not require, a county or municipality to enter into an IGA with the Department in order to enhance systemic efficiencies in the collection of sales taxes and adds a reporting element to the existing report provided by the Department to the Joint Finance Committees. While the bill does not allow for local collection of sales taxes by counties, it is an important step in continuing the cooperative work between counties and the Department.

HB09-1130 was unanimously passed by the Senate Local Government Committee Thursday and now goes to the Senate floor on the consent calendar.

*Questions or Comments? Contact Chris Mendez at 720.352.7326 or [cmendez@ccionline.org](mailto:cmendez@ccionline.org).*

## **Transportation & Telecommunications (TT)**

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### **HB09-1230, Concerning Registration of Motor Vehicles (Summers, Tapia)**

#### **CCI Position: Monitor**

HB09-1230 is a bill that was assigned to CCI's transportation committee because it originally restricted the authority of county clerks to deny registration for a vehicle when an auto dealer remitted the incorrect amount of sales or use tax related to that vehicle. It was amended in its entirety by the House to change it into a sales and use tax "hold harmless" for auto dealers, provided they use the state address locator database and obtain an affidavit concerning a purchaser's address. At this point, HB09-1230 started to look like more of a tax and finance bill, even though the bill title still says "concerning registration".

The auto dealers are promoting the bill as a way to protect themselves from customers who provide incorrect addresses to the dealers, who then remit tax to different jurisdictions than the one the purchaser attempts to register it in. With the amendment, counties', specifically clerks, are essentially agreeing to deal with purchasers who give an incorrect address, but dealers would still be responsible for their own errors. It is CCI's belief that the hold harmless language relating to the address database merely restates the existing hold harmless language for any vendor who uses the state database to determine tax payable.

Most recently, CCI became aware of an amendment to also include leases in this hold harmless protection. CCI staff has expressed concern about the inclusion of a hold harmless for leases because the statutory definition of "dealer" appears to include entities in the leasing business. Since the tax on a lease can be paid monthly, any errors should be corrected by the leasing company as soon as they are discovered. In addition, leasing companies are in the collection business, collecting ongoing payments from the lessee, and it is unclear that they should be on the same footing as an auto retailer when incorrect address information comes to light. At press time, it appears that the proponents have agreed to take a longer look at the lease issue and CCI will continue to participate in these discussions.

*Questions or Comments? Contact Chris Mendez at 720.352.7326 or [cmendez@ccionline.org](mailto:cmendez@ccionline.org).*

## Other News

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### **NOTICE OF TRANSIT FUNDING AVAILABILITY FOR 2010/2011**

The purpose of this notice is to announce the availability of financial assistance for calendar years 2010 and 2011 for Federal Transit Administration (FTA) grant funds administered by the Colorado Department of Transportation (CDOT). CDOT's Transit Unit administers four FTA grant programs that support a variety of transit services in Colorado. The funding amounts vary by program and are only **estimates** for the next funding cycle, because the current Federal authorizing legislation, "SAFETEA-LU," will expire on September 30, 2009. It is difficult to predict the funding levels of a new authorization bill or even if all the current programs will continue as they now exist.

For more information on the transit funding, please visit our website at [www.ccionline.org](http://www.ccionline.org).

### **CCI Summer Conference**

Registration for the CCI Summer Conference is now open. The conference will take place June 8-10, 2009 in Vail. Contact Annie Olson with any questions at [aolson@ccionline.org](mailto:aolson@ccionline.org) or 303-861-4076. Visit [www.ccionline.org](http://www.ccionline.org) and click on the conference button to register today and see a tentative agenda.