

EDCC DRIVE LEAD SUCCEED CONFERENCE

**2022 LEGISLATIVE
UPDATE AND 2023
OUTLOOK**

OCTOBER 21, 2022



COLORADO LEGISLATIVE SESSION



OVERVIEW

The 2022 Colorado General Assembly convened on January 12 and adjourned May 11, 2022

The Democrats continue to hold majorities in both chambers in the 2022 session.

- The Senate is **21 (D) – 14 (R)**
- The House is **41 (D) – 24 (R)**
- Governor Polis **(D)**

Most Diverse Legislature - age, race, gender, religion, ethnicity, etc.

Total of 716 bills introduced (143 were killed)

- 678 in 2021
- 748 in 2020
- 654 in 2019



THEMES

2022 Election

National Issues

Governor vs. Legislature

“Saving People Money”

STIMULUS DOLLARS

Colorado received roughly \$2 billion in federal stimulus dollars. These dollars were prioritized for:

- Affordable housing
- Behavioral health services
- Childcare
- Homelessness
- Workforce development
- Air quality

GRANTS!!!



**The American
Rescue Plan
Act of 2021**



MAJOR POLICY BILLS

- **HB 22-1279 Reproductive Health Equity Act**
- **HB 22-1295 Department of Early Childhood**
- **HB 22-1326 Fentanyl Accountability and Prevention**
- **SB 22-230 Collective Bargaining for Counties**



PPC PRIORITY LEGISLATION

- Tax Reform
- Transportation
- EDO Funding
- Business Regulations

A Healthy Business Climate

- Support a stable, predictable regulatory environment that seeks to identify and eliminate redundancies and inefficiencies.
- Advocate for appropriate review of need and cost of compliance before repealing, amending, or creating regulations, taxes, or fees.
- Support legislation that advocates and encourages workforce stability.



Effective, Well-Maintained Infrastructure

- Encourage innovative ideas that fund all types of transportation and infrastructure related projects to make Colorado a better place to do business.
- Support statewide efforts in the development of a diverse energy economy to help make Colorado a national leader in energy development which contributes to our robust economy.
- Ensure access to utilities and broadband for predictable and reliable services to businesses in rural and urban areas.



A Capable, Well-Educated Workforce

- Support our training partners, community colleges, and universities in their missions to better educate and supply Colorado businesses with a highly educated and competitive workforce.
- Support initiatives that provide and expand workforce competencies, including career and technical training to students at all levels of the educational system.
- Support our workforce and small business development partners in their efforts to create and sustain a quality workforce and provide access to meaningful employment for all Coloradoans, which energizes statewide economic vitality.



PPC LEGISLATION OF INTEREST

- We took positions on 24 bills (tracked over 60 bills)
- ✓ 15 we supported (all but 1 passed)
 - ✓ 9 we opposed (2 were killed, and all others were dramatically cut back or turned into studies)
 - ✓ Testified on 3 bills, endorsed 8 bills –
 - ✓ Partnered with CML, CCI, CACI, C3, Denver Metro Chamber, CHFA, and others to support/oppose bills.

It was a busy year!

PPC LEGISLATION OF INTEREST

- HB 22-1026: Alternative Transportation Options Tax Credit (Support)
- HB 22-1138: Reduce Employee Single-occupancy Vehicle Trips (Oppose)
- HB 22-1149: Advanced Industry Investment Tax Credit (Support)
- HB 22-1152: Prohibit Employer Adverse Action Marijuana Use (Oppose)
- HB 22-1282: Innovative Housing Incentive Program (Support)
- HB 22-1350: Regional Talent Development Grant Program (Support)
- SB 22-138: Reduce Greenhouse Gas Emissions in Colorado (Oppose)
- SB 22-146: Middle Income Access Program Expansion (Support)

PPC LEGISLATION OF INTEREST



STATE ECONOMY AND BUDGET

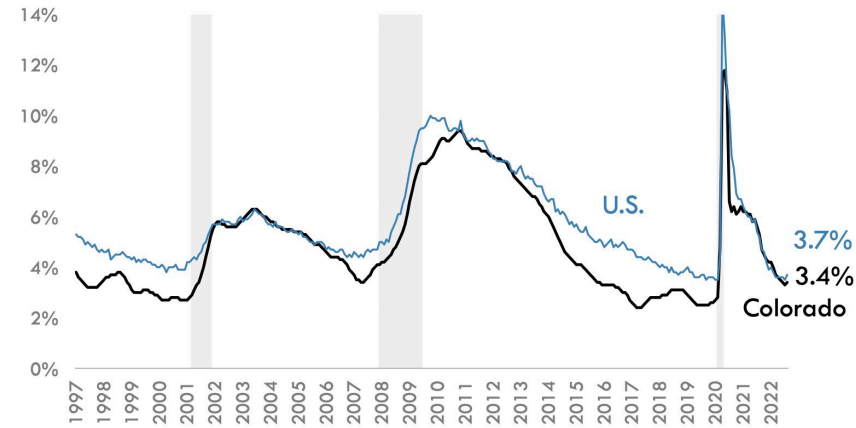
The background of the slide is a collage of various US dollar bills, including \$100, \$20, and \$10 bills, creating a financial theme.

State Budget

COLORADO ECONOMY

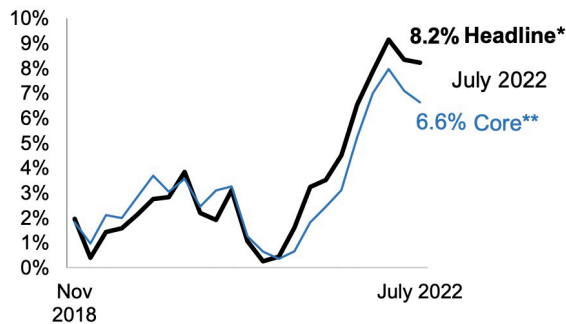
Colorado's unemployment rate ticked up to 3.4 percent in August

Unemployment rates



Source: U.S. Bureau of Labor Statistics. Data are seasonally adjusted.

Figure 24
Denver-Aurora-Lakewood Consumer Price Index (CPI-U) Inflation
 Percent Change in Prices, Year-over-Year



Selected Components, July 2022

Headline	8.2%
Core	6.6%
Energy	23.8%
Food	11.6%
Housing	7.1%
Apparel	2.3%
Transportation	12.9%
Medical Care	11.2%
Recreation	0.5%
Education	3.6%
Other	7.2%

Source: U.S. Bureau of Labor Statistics. *Headline inflation includes all products and services. **Core inflation excludes food and energy prices.

STATE GENERAL FUND

FY 2021-22 revenue broke records...

...but we don't expect much additional growth

Gross General Fund Revenue

Billions of Dollars

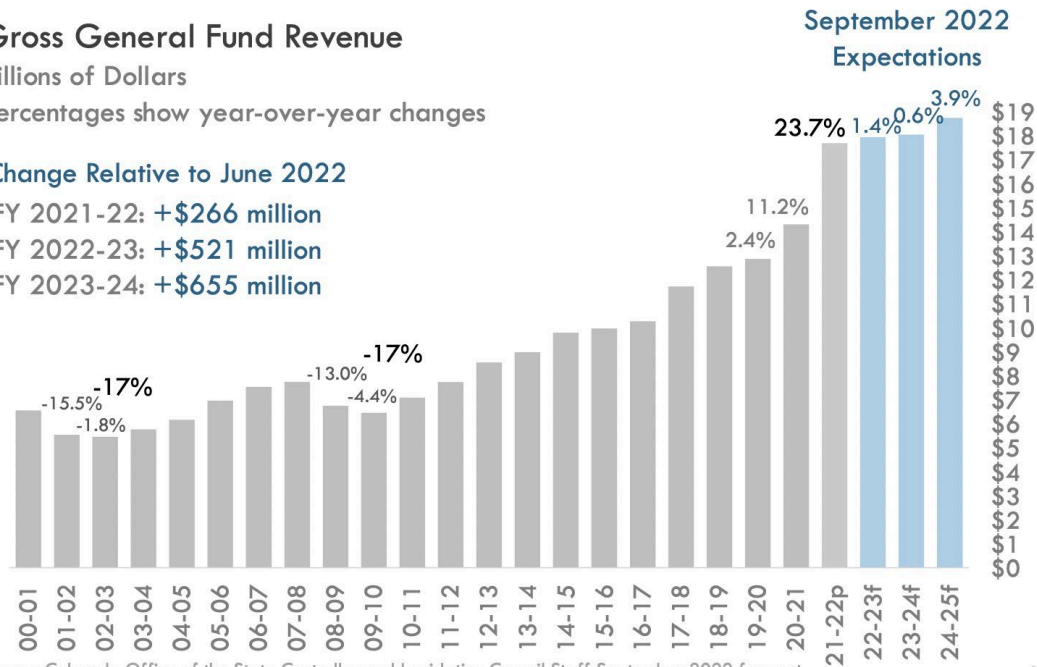
Percentages show year-over-year changes

Change Relative to June 2022

FY 2021-22: +\$266 million

FY 2022-23: +\$521 million

FY 2023-24: +\$655 million



Source: Colorado Office of the State Controller and Legislative Council Staff September 2022 forecast.

BUDGET ISSUES

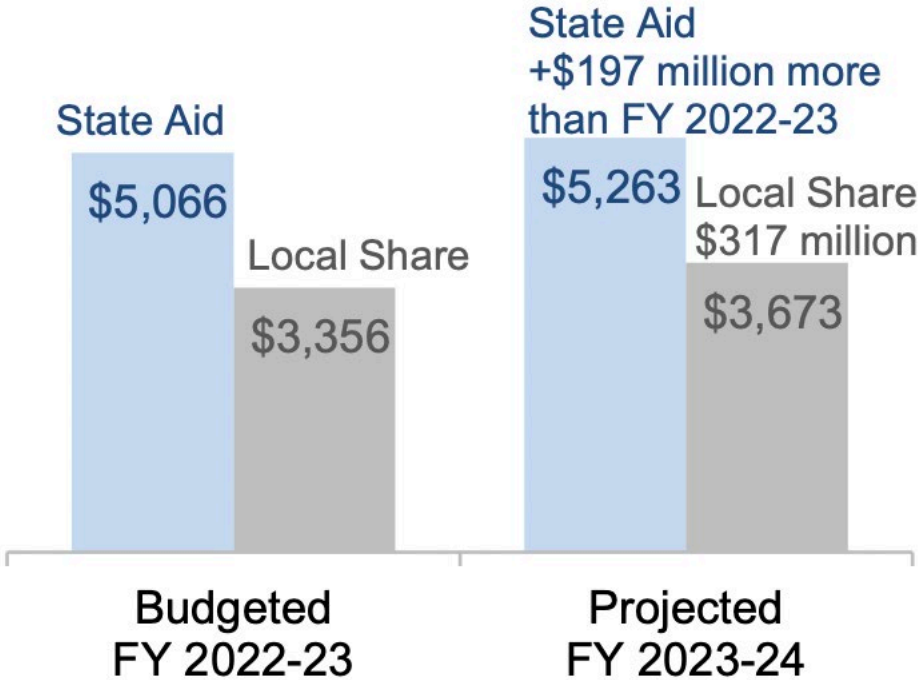
Inflation

- The key figure for Colorado budgeting is the rate of inflation. Colorado is required to increase K-12 per pupil funding by inflation or adjust the Budget Stabilization Factor.
- The projected inflation for CY 2022 is significant – 7.9 percent.

Calendar Year	2017	2018	2019	2020	2021	2022 (est.)	2023 (est.)	2024 (est.)
Denver/Aurora/ Lakewood Inflation	3.4%	2.7%	1.9%	2.0%	3.5%	7.9%	4.6%	3.1%

BUDGET ISSUES

Figure 1
Expectations for School Finance Funding
Dollars in Millions



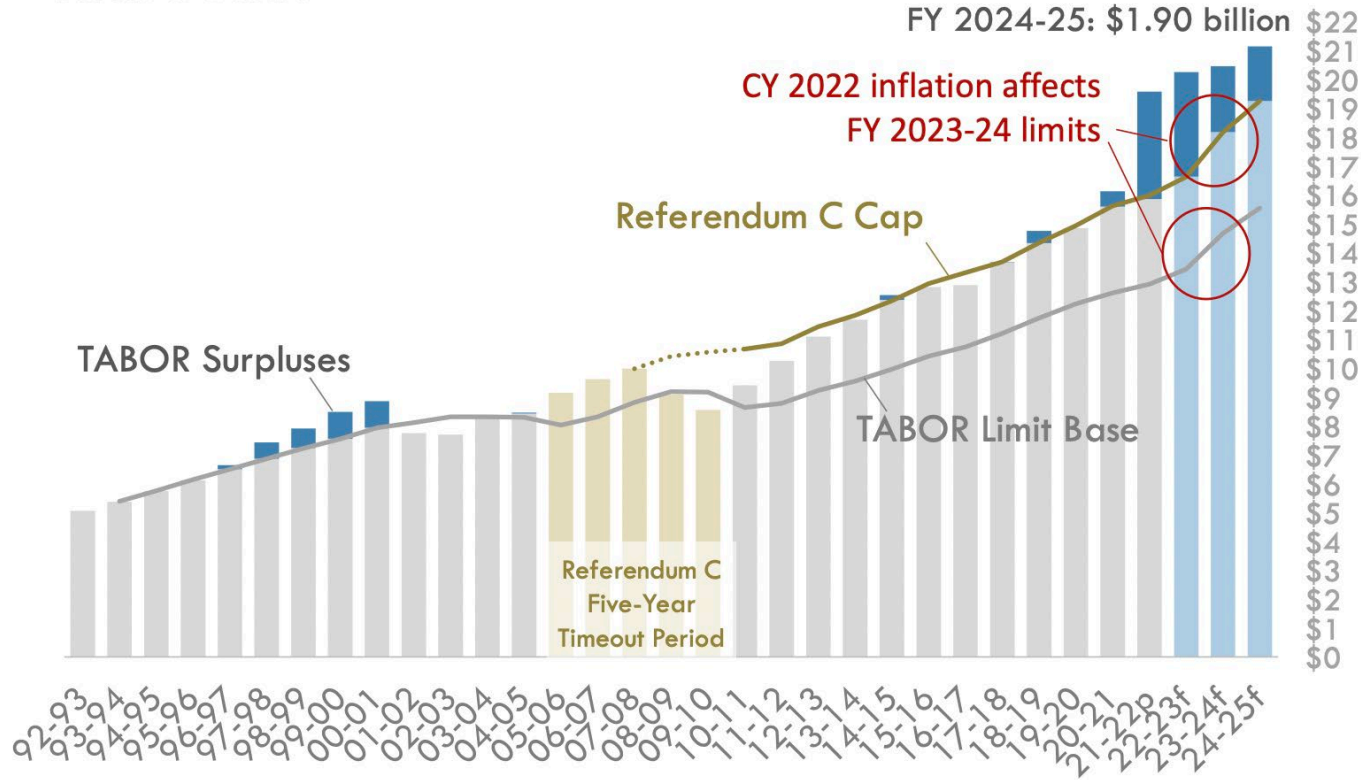
BUDGET ISSUES

TABOR Outlook

Revenue Subject to TABOR
Billions of Dollars

Revenue Above the Ref C Cap

FY 2021-22 (certified): \$3.73 billion
 FY 2022-23: \$3.63 billion
 FY 2023-24: \$2.28 billion
 FY 2024-25: \$1.90 billion



TABOR Refunds

Colorado is estimated to exceed its TABOR revenue cap by \$3.0 billion in FY 2022-23 and by \$1.6 billion in FY 2023-24.

BUDGET ISSUES

Fiscal year	Refund (millions)	Fiscal year	Refund (millions)	Fiscal year	Refund (millions)
FY 93-94	0	FY 03-04	0	FY 13-14	0
FY 94-95	0	FY 04-05	\$41	FY 14-15	\$170
FY 95-96	0	FY 05-06	0	FY 15-16	0
FY 96-97	\$139	FY 06-07	0	FY 16-17	0
FY 97-98	\$563	FY 07-08	0	FY 17-18	\$18
FY 98-99	\$679	FY 08-09	0	FY 18-19	\$428
FY 99-00	\$941	FY 09-10	0	FY 19-20	\$0
FY 00-01	\$927	FY 10-11	0	FY 20-21	\$548
FY 01-02	0	FY 11-12	0	FY 21-22	\$2,003
FY 02-03	0	FY 12-13	0	FY 22-23	

Dollars above in millions

\$750 check in September – cha-ching!!
 (Per SB 22-233)



BUDGET ISSUES

A TABOR Simile



Cash Fund – Special purpose fund funded through user fees, taxes, and fines for specific purposes and programs.

General Fund - General purpose revenue from taxes (income, sales, and use taxes).

Cash fund revenue saw an increase of 20.0 percent from prior year levels.

- Nearly 70 percent of this increase is attributable to rising severance tax collections, i.e. rising oil and natural gas prices.

2022 ELECTION



STATEWIDE RACES

U.S. Senate

- Senator Michael Bennet

Statewide Offices

- Governor Polis
- Treasurer, Secretary of State, Attorney General

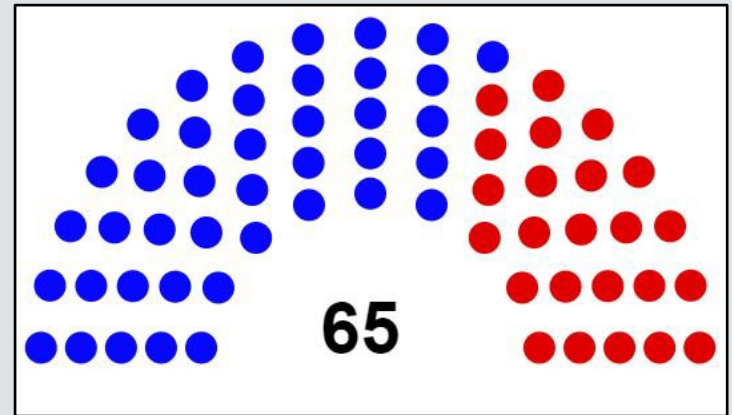
Ballot Measures

- 5 Referenda & 6 Initiatives



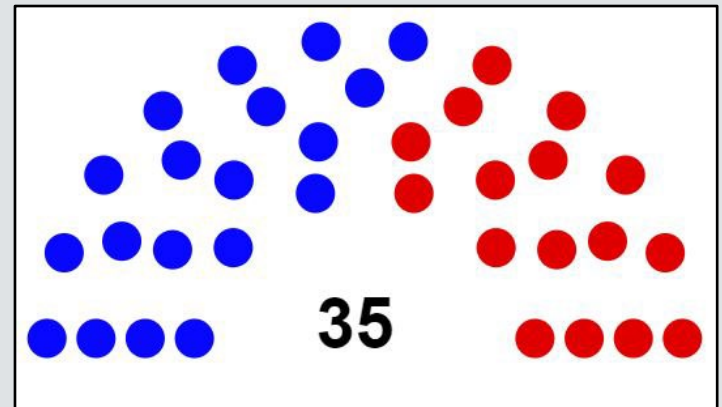
COLORADO LEGISLATURE

A TOSS UP??



The House is **41 (D)** – **24 (R)**

The Senate is **21 (D)** – **14 (R)**



BALLOT MEASURES

Proposition 121

State Income Tax Reduction

- Will reduce Colorado's income tax rate from 4.55 percent to 4.4 percent.
- Estimated to reduce General Fund by \$400 million, or 2.4 percent of total revenues.

Issue:

- *However, when Colorado is not exceeding its TABOR limit, reducing tax revenues will impact funds available for other state priorities.*



BALLOT MEASURES

Proposition 123

Affordable Housing

- Will dedicate 0.1 percent of state income tax revenue for affordable housing.
 - The money shall be used by local governments for land banking, low and middle income multifamily developments, and housing financing.
- Estimated to transfer \$290 million per year once fully implemented.

Issues:

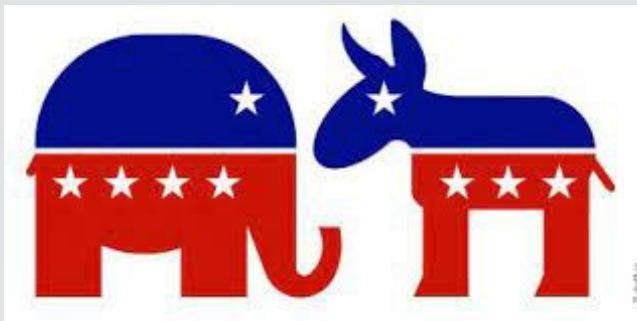
- *The state dedicated \$1.2 billion of pandemic relief funds to affordable housing initiatives – much of which has not been allocated yet.*
- *Would establish a dedicated revenue stream for one state priority.*



LOOKING AHEAD

Outcome of the election

- Divided government is good!

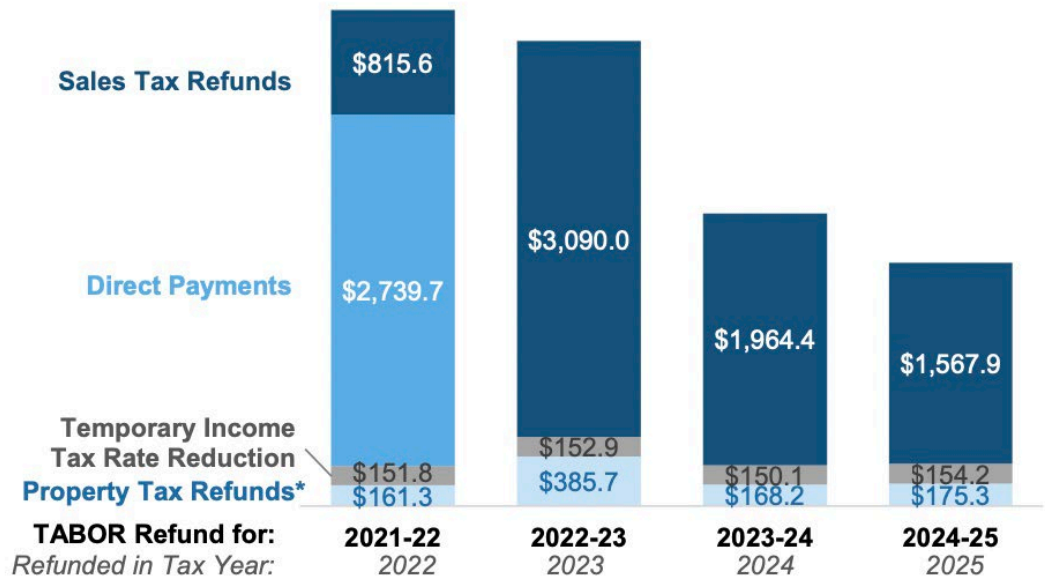


LOOKING AHEAD

Budget mess

- Tax credits
- TABOR reform
- Fiscal reform
- Property tax reform

Figure 4
Expected TABOR Refunds and Refund Mechanisms
Dollars in Millions



Source: Legislative Council Staff September 2022 forecast.

* Includes \$225 million to be refunded from the FY 2022-23 TABOR surplus under Senate Bill 22-238.

LOOKING AHEAD

Major policy issues

- Affordable housing
- Behavioral health
- Criminal justice



QUESTIONS OR COMMENTS

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