



Under the Dome

June 1, 2018

2018 LEGISLATIVE SESSION: *The Debrief*

Transportation, energy, water, health care, workforce and the business climate. NCLA found measured success on all of the key issues important to the northern Colorado business community during the 2018 legislative session.

Political landscape

They say Colorado is a “purple” state. And Colorado’s legislature reflects the state’s indecisiveness about whether we are Republican or Democrat. The House holds a strong Democrat majority. The Senate holds a slim Republican majority. Meanwhile, the Governor is a Democrat.

Majorities matter. When it comes to making public policy, who holds control of the majorities gets to set the tone for the direction of the state. In 2018, control of the majorities will be in play during the November election cycle. Issues and their outcome reflected the “race for the majority” that was at the forefront of political leaders’ minds during the legislative session.

In a split legislative environment, both sides offer proposals that have no likelihood of ultimate passage beyond the house in which they are introduced but serve as means to put forward a message on a topic of interest. This year we saw a multitude of “messaging bill” that were quite onerous to northern Colorado’s business interests but were known to have little, if any, chance of passage. Not much political energy is expended on the measures, but their introduction signals an intention around an issue should one party secure control of the majority in both houses thereby providing an easier path for the issue’s success.

Issue Debrief

Below is an overview of NCLAs 2018 legislative agenda topics and the measures that defined those topics in which the NCLA was engaged.

Transportation

Senate Bill 1. The first bill of the legislative session. The highest priority of Senate Republicans.

\$1.3B in new base budget building revenue was projected for the state next year which provided a path to make a meaningful, ongoing investment in transportation from existing general fund resources without compromising other state priorities.

In four years, we've made funding transportation in Colorado a bi-partisan priority. Unfortunately, bi-partisanship falls apart when you start to talk solutions. In a split legislative majority environment, the philosophical divide between the parties on the priority of transportation within the state budget and the if and how additional new dollars should be sought from voters interfered with a substantial solution that was more than a "good first step".

Despite the political posturing, the NCLA-driven issue of transportation funding and finance was the priority issue for legislative leaders on both sides of the aisle. The NCLA continued to lead the conversation on transportation funding this session with a favorable outcome that accomplished important policy gains but leaves more to be done to assure the dollars work for the state and for the North I-25 corridor.

The success for transportation in 2018 was built on a restoring a too small but long term General Fund commitment and established a path for TRANS bonding as a means to cost effectively and concurrently build large scale and regionally significant projects across the state.

- [SB 1: Transportation Infrastructure Funding/Fix Colorado Roads Act](#) (Support)

Energy

Oil/Gas

A split majority protected the interests of northern Colorado's energy sector during the heightened debate about oil and gas regulations. Numerous measures were introduced that, if passed, would have had disastrous effects on the ability of the industry to be economically viable and sustainable. The NCLA Board strongly opposed proposed setbacks from school property (HB 1352) and a measure to change how public safety is considered in the approval of oil/gas operations (HB 1071) that were introduced in the House and defeated in the Senate. Meanwhile, measures the NCLA Board supported to compensate property owners for the economic impacts of local bans on oil and gas were killed in the House. (HB 1150/SB192).

Ballot initiatives are underway to secure their spot on the 2018 ballot to address setbacks and property owner compensation. The initiatives, in large part, mirror the legislative proposals. The NCLA will weigh in on these measure upon certification to the ballot.

A shift in majority control of the legislature from the 2018 mid-term election cycle could prove very harmful to Northern Colorado's traditional energy sector. Measures we were certain to defeat this year – setbacks, for example – will be difficult to defeat in a legislature controlled by opponents to the industry. While NCLA does not engage in legislative campaigns, we are watching the political landscape closely to be well positioned to work with our oil and gas colleagues to protect the industry from harmful policies.

We did find compromise in the oil/gas realm on a measure to modify and clarify laws pertaining to the combining of drilling units, or pooling. The measure, Senate Bill 230 sponsored by Republican Senator Vicki Marble of Windsor, Representative Lori Saine of Firestone and Democrat Matt Gray of Broomfield provides limited liability to non-consenting owners, increasing the pooling notification periods and cost recovery for oil & gas operators who develop in a pooled area.

While legislative activity on oil and gas measure were fairly predictable in 2018, significant decisions were being made on the regulatory front and in the courts. In the last 6 months, the Colorado Oil and Gas Conservation Commission addresses issues related to mapping of well lines and additional regulations on health and safety.

- [HB 1352: Oil and Gas Facilities Distance from School Property](#) (Oppose)
- [SB 230: Modify Laws Drilling Units Pooling Orders](#) (Support)
- [HB 1071: Regulate Oil Gas Operations Protect Public Safety](#) (Oppose)
- [HB 1150/SB 192: Local Government Liable Fracking Ban Oil And Gas Moratorium](#) (Support)

Colorado Energy Office

A compromise was reached on the renewal of the Colorado Energy Office in 2018. The office was defunded in 2017 after a heated political battle about the office's mission and scope. Senate Bill 3 restores funding of the office while making modifications to its work and mission such that the office will promote all facets of the energy sector in Colorado – from traditional oil and gas to new renewable energy while also allowing space for innovative and controversial energy options to be explored. NCLA supported the renewal of the Colorado Energy Office under the terms in which the measure passed.

- [SB 3: The Colorado Energy Office](#) (Support)

Climate Change Measures

Renewable energy standards and the politics of climate change have emboldened renewed conversations about utilities and their carbon footprint prompting calls for 100% utilization of renewable energy. In a split majority, the calls have fallen on deaf ears in the Republican-controlled Senate just as calls to roll back existing standards have been thwarted in the Democrat-controlled House. The NCLA opposed each of the measures below believing them to be costly, unnecessary, and in the case of SB 246, taking a step backward in addressing renewable energy.

Under the category of “Messaging Bills”, several measures regarding climate change and renewable energy were introduced, and swiftly defeated, but are indicators of potential policy priorities in a one-party legislative majority.

- [SB 64: Require 100% Renewable Energy By 2035](#) (Oppose)
- [SB 226: Prohibit Colorado Involvement Climate Alliance](#) (Monitor)
- [HB 1274: Reduce Greenhouse Gas Emissions by 2050](#) (Oppose)
- [SB 246: Renewable Energy Standard Repeal Senate Bill 13-252](#) (Oppose)

Workforce and Labor

Northern Colorado faces significant challenges in available workforce to fill the growing number of jobs that are the result of a great regional economy and a retiring workforce.

Compounding the challenges for employers are fending off proposed mandates upon them to either provide specific employee benefits or dictate the terms of the employee-employer relationship. In 2018, the NCLA Board opposed and defeated a number of measures interfering with that relationship, including measures allowing local control of minimum wage, requiring financial participation in the Family Medical Leave Act, and dictating pay requirements.

- FAMILI Medical Leave
 - [HB 1001: FAMILI Family Medical Leave Insurance Program](#) (Oppose)
- Minimum Wage
 - [HB 1106: Minimum Wage Requirement Waiver](#) (Monitor)
 - [HB 1368: Local Control of Minimum Wage](#) (Oppose)
- Pay Equity Issues
 - [HB 1378: Equal Pay for Equal Work Act](#) (Oppose)
 - [HB 1377: Prohibit Seeking Salary Information Job Applicant](#) (Oppose)

Within the realm of workforce issues, the NCLA engages in matters to improve the quality of our workforce through educational opportunity and skills training. In 2018, the NCLA Board took an active role in discussions around equity among school districts in school funding lending our voice to the conversation about overall school funding. (HB 1232). Additionally, we provided support to various skills training proposals that assist veterans, those in work transition situations, and the expansion of the successful career development program for high school students.

- Workforce Training
 - [HB 1343: Veterans' Service-to-career Program](#) (Support)
 - [HB 1334: Extend Transitional Jobs Program](#) (Support)
 - [HB 1266: Career Development Success Program Expansion](#) (Support)
- Education Funding
 - [HB 1217: Income Tax Credit for Employer 529 Contributions](#) (Support)

- [HB 1232: New School Funding Distribution Formula](#) (Monitor)

Water and Infrastructure

Water is the lifeblood of Colorado, and northern Colorado in particular. With a strong agriculture economy highly dependent upon water counterbalanced with growing urban areas, the continual search for opportunities to maximize water storage and efficient utilization have been at the forefront of lawmakers minds for years. Since the adoption of the Colorado Water Plan, the number of legislative proposals have been limited as execution of the Plan is underway. One measure that the NCLA supported, however, was introduced and passed in 2018. On the innovative side of the water storage equation, HB 1199 begins the process of allowing the Ground Water Commission to approve and structure plans for aquifer storage and recovery.

- [HB 1199: Aquifer Storage and Recovery Plans](#) (Support)

Business Climate

During the 2018 legislative session, the NCLA Board followed and engaged in numerous other business climate related issues and measures that have, or could have had, either a direct impact upon the Northern Colorado business community interests or tangentially can affect our interests – positively or negatively.

PERA

The NCLA Board weighed in on the PERA solvency issue by noting our preference for minimal taxpayer obligation and additional contribution to shore up the fund but also supporting the importance of finding a resolution to the PERA solvency to the overall health of the state's financial status.

- [SB 200: Modifications To PERA To Eliminate Unfunded Liability](#) (Amend)

Tax Policy

The NCLA Board has long been an advocate, many times taking a lead proactive role, in reforming the business personal property tax. The BPPT is an onerous and unfair tax upon capital intensive businesses across the state. Resolving the problem, however, has proven impossible in large swaths leaving solutions to be found in incremental steps. With a split majority, additional progress on business personal property tax was not achievable in 2018 but efforts continue year after year.

On another tax matter, the NCLA supported a measure that businesses that have a presence in Colorado and other states. The measure (HB 1185) replaces the method for apportioning the income of a taxpayer such that the sales are apportioned to Colorado based not on where the service/product is performed or sold, but where the service/product is delivered.

- [HB 1036: Reduce Business Personal Property Taxes](#) (Support)
- [HB 1185 Market Sourcing For Business Income Tax Apportionment](#) (Support)

Regulatory Reform

After several failed attempts over the years to bring about meaningful regulatory reform for Colorado's businesses, the legislature passed a measure that the NCLA supported that requires every state agency to do an assessment and analysis of the rules with the greatest non-compliance to determine if the rule is necessary or is an unnecessary burden.

- [HB 1250: Analysis to Improve Compliance With Rules By Businesses](#) (Support)

Conclusion

As we look to 2019, the Race for the Majority and the Governor's race is on! As noted earlier, the outcome of the November election will drive the issues in 2019 and how the business community in northern Colorado and all across the state will fare in the ensuing years. Stay tuned!