



2018 MID-TERM ELECTION DEBRIEF: COLORADO LANDSCAPE TURNS BLUE YET FISCALLY CONSERVATIVE

Last week, the political landscape in Colorado changed dramatically. Today, the transition of power has begun with Governor-Elect Jared Polis announcing his formal Transition Team, [Boldly Forward, as they seek volunteers](#) to participate in the transition process that will occur over the course of the next 10 weeks before Inauguration Day on January 8, 2019.

Colorado, known for its usual preference to elect person over party, did the opposite on election day. Up and down the ticket, enough (and more) voters voted party line to place Democrats in every state constitutional office, secure control of the state Senate, expand their majority in the state house, and oust local officials from positions historically held by a Republican. The “blue wave” hit Colorado and in its path the Republican bench was washed out.

Meanwhile, on policy matters, voters took a more conservative tact soundly defeating statewide restrictions on oil and gas development and tax measures to fund transportation and education, while, providing favorable outcomes for bond and tax measures across the state for schools and infrastructure.

The election’s mixed signals point to several dynamics at play in Colorado that will change the political and policy landscape for years to come.

Governor-Elect Jared Polis

Spending over \$20M, promising health care for all, full time preschool and kindergarten, 100% renewable energy, and more combined with a “blue wave” behind his back, Governor-Elect Jared Polis secured nearly 53% of the vote to become Colorado’s 37th Governor.

During his campaign, Polis laid out [a very specific agenda](#) that he wishes to pursue as Governor. The economy, energy, education and health care will be Governor-Elect Polis’ primary focus in his first 100 days, days that coincide with the state legislative session. With a Democrat majority and friendly legislature, Governor-Elect Polis will have a clear path to drive his agenda forward.

The following, from his campaign website, are a few of the key tenets and the specific objectives in which will begin to see proposals emerge for debate in the 2019 Legislative Session:

- [Economy](#)
 - Local Minimum Wage
 - Paid Family Medical Leave
 - Equal Pay for Equal Work
 - Employee Access to Company Profit Sharing, Stock Option and Company Ownership
 - Job Retraining
 - Repeal Tax Credits and other Tax “Loopholes”
 - Rural High-Speed Internet
- [Energy](#)

- 100% Renewable Energy by 2040
- Incentives for energy efficiency
- Incentives for utilities to manage their energy efficiency goals
- Incentives for grid and smart grid infrastructure development and upgrades
- Account for costs of carbon to economy, public health, environment
- Invest in new, local renewable energy projects
- Support work force transition from old energy sector to new energy sector
- [Health Care](#)
 - Multi-state consortium to offer a universal, single-payer option
 - Paid sick, family and medical leave
 - Strengthen Division of Insurance Consumer Watchdog Role
 - Statewide Geographic Rating
 - Reconfigure Rating Zones with Rural Rate Protections
 - Establish Reinsurance Program
 - Increase Transparency of Hospitals and Providers
 - Require disclosure of pharmaceutical company and other provider pricing models and expenses built into them
 - Import prescription drugs from Canada
 - Hold Pharmaceutical Benefit Managers and insurers accountable for drug price increases
 - End Doctor and Provider Shortage
 - OEDIT Funding of seed funds for Greater Colorado Venture Fund to incent opening of rural clinics
 - Expand scope of practice for qualified nurses, NPs, and PAs
 - Support Telemedicine
 - Expand Access to Mental Health Treatment
 - Support Community Purchasing Groups
 - End Delays in Medicaid Reimbursement
- [Education](#)
 - Free Full-Day Pre-School and Kindergarten
 - Increase High School Graduation and Transition Success
 - Career and Technical Education
 - Expand Access to Advanced Coursework and Post-Secondary Counseling
 - Expand role of Colorado Commission on Higher Education to provide greater authority over tuition increases and costs of higher education
 - Expand access to free college credits for internships and high school equivalency and concurrent course work
 - Establish Three-year Degree Programs
 - Enhance community college affordability and workforce development role
 - Deploy Certification Task Force to align industry needs with learning

Colorado State Legislature: Democrat Super Majority and Trifecta Secured

The pendulum swung back to Democrat-majority control of the state legislature providing a “Trifecta of Power” for Colorado Democrats. The Trifecta, control of both legislative bodies and the Governor’s office, was last achieved in 2013. Democrats have held the majority in the House of Representatives since 2012 while Republicans have held majority control of the state Senate since 2014.

The race for the state Senate majority centered around five state Senate seats. Democrats overturned two key Senate seats and held on to three others that were in contention to overtake Republican majority for a new 19-16 Democrat Majority. Seats were picked up in Jefferson and Adams Counties.

Pueblo Senator, and current Senate Minority Leader, **Leroy Garcia** was selected by his Democrat caucus to be President of the Senate. Senator **Angela Williams**, D-Aurora, will serve as President Pro Tem and Senator **Steve Fenberg**, D-Boulder, will assume the mantle as Senator Majority Leader, decidedly the most powerful position in the Senate. On the new minority side, former Senate Majority Leader **Chris Holbert** (R-Douglas County) was selected as the new Senate Minority Leader and **John Cooke** (R-Greeley) was selected as the Assistant Minority Leader.

In the House, Democrats overturned five Republican seats to expand their previous 36-29 majority to achieve a 42-23 super majority – a feat not achieved in over a decade when Republicans held super majority control. Such a significant majority will be reflected in the makeup of committees of reference where Democrats on House committees of 11 or 9 members will hold a 7-4 and 6-3 majority respectively.

Current House Majority Leader **KC Becker**, D-Boulder, was selected by her Democrat caucus as the new Speaker of the House and **Alec Garnett**, D-Denver, was elected House Majority Leader.

Locally, northern Colorado will see three new faces in the state house. Representative-Elect **Rochelle Galindo**, D-Greeley, a former member of Greeley City Council, will replace Rep. **Dave Young**, who was elected as State Treasurer in Greeley's House District 50. Senator-Elect Rob Woodward, R-Loveland, will replace term limited Senator Kevin Lundberg. In Fort Collins, Senator John Kefalas, D-Fort Collins, won election as Larimer County Commissioner creating a vacancy for his Senate seat. Representatives Jeni Arndt, D-Fort Collins, and Joann Ginal, D-Fort Collins, will vie for appointment to the open Senate seat through vacancy committee. Either's appointment will open a vacancy in their House district necessitating the appointment of a new House member.

The Democrat majority in both bodies provides a clear path for passage of their policy agenda, an agenda supported by various interest groups behind their election to the majority. In concert with Governor-Elect Polis, Democrats have committed to push issues that have met with defeat in the Republican-controlled Senate in the last four years, including:

- Restrictions on oil and gas operations
- Public health and safety considerations in oil/gas well approvals
- Paid family and medical leave
- Increased education funding
- Employer-funded state-run retirement savings program
- Prohibit employer inquiry about prospective employee felony record
- Pay equity proposals
- New arbitrator disclosure requirements within mandatory arbitration
- Health care reinsurance program and fees
- Statewide versus geographic rating system in health care insurance

US Congress and the 6th Congressional District

In a clear rebuff of the President, four-term Congressman **Mike Coffman** was defeated in his re-election to Congress by challenger Jason Crow. Congressman Coffman has fended off previous strong challenger campaigns but low GOP voter turnout and a strong current against the Republicans couldn't be overcome by the military veteran. His defeat was one of several across the country that contributed to the shift in majority control in the US Congress.

Congressman-Elect **Jason Crow** promised to oppose the election of House Minority Leader Nancy Pelosi to Speaker of the House as he ran on a platform of "new leadership". He remains committed to the vote against the Leader in what will be his first test as a Congressman.

Proposition 112: Voters Heed Warning on Restrictions on Oil and Gas Industry

Proposition 112, the measure to require a 2500-foot setback for oil and gas operations from certain facilities and “vulnerable” areas, was defeated 56% to 44%. The oil and gas industry spent nearly \$40M to defeat the measure in the most active and visible campaign of all of the ballot questions before voters this cycle.

The measure was strongly opposed in Larimer, Weld and western slope counties Mesa where there is significant oil and gas activity supporting large sectors of their economies, as well as more conservative or Republican leaning counties in rural and eastern Colorado.

The measure was supported in counties without any oil and gas activity along the Continental Divide including Pitkin, Eagle and Routt counties; in Boulder, Broomfield and western Adams counties with significant drilling activity and much interface with citizens; and also supported in several Democrat leaning counties in southwest Colorado and in Denver.

Voters heard and heeded the call of the oil and gas industry to defeat Proposition 112, lest the economic impacts be felt throughout the state with the demise of the industry. The battle was a victorious one for the industry, but the war will continue during the 2019 legislative session.

Governor-elect Jared Polis and the new Democrat legislative leadership have already made their intentions clear that restrictions, albeit not likely a 2500-foot setback, are on the table. Despite the strong vote of the electorate, the industry is gearing up its response to a legislative move. They are in the difficult position of not having a clear means to stop potentially onerous proposals outright beyond reminding decision makers of the voter will on restrictions and the importance of the industry to Colorado.

Proposition 110 and 109: Statewide Transportation Measures Defeated

Despite clear frustration with traffic and mobility in the Denver metro area and along the major interstate corridors, 60% of voters were not inclined to contribute more of their hard-earned dollars to mitigate the increasing challenge on the roadways and defeated Proposition 110. The defeat is attributable to several factors:

- A reluctance on the part of voters to support a measure that fails to clearly specify how dollars will be spent. Prop 110 merely pointed to a CDOT list of projects and allowed local governments to spend new funds on their priorities.
- Too large of a tax rate. At an additional .62 percentage points, the rate would have jumped the total sales tax rate over 10% in some communities and for others, left little room to address other pending needs in the community.
- Scope was too broad. There are transportation infrastructure challenges at every level and in every region of the state and Proposition 110 attempted to solve all of it in one fell swoop. Combined with a lack of specificity and too large a tax rate, voters said it was too much.
- Confusion between the two transportation measures. Despite the ability of both measures to work together, proponents of Prop 110 viewed Prop 109 as a competing measure which created additional confusion for voters.
- Voters who are feeling the squeeze of cost of living, aren't feeling the transportation pressure enough in their communities to support solutions that benefit those outside of their communities. Despite the failure of Prop 110, local and regional tax questions supporting infrastructure improvements in their communities were passed in every instance but one. This is consistent with the historic success of local and regional tax questions across the state.
- A lack of trust in the state and CDOT to spend the dollars effectively.

Whether the measure would have been successful with more specificity, limited scope, a lower tax rate is unclear given statewide voters' propensity to defeat statewide tax questions. What is clear is the challenge of state's infrastructure is not going away and will only be exacerbated by the state's continued growth.

Proposition 109, the proposal to extend \$3.5B in bonding authority to CDOT for a building program addressing interstates and regionally significant state highway projects, was also defeated by similar 20 point margins to Prop 110. Prop 109 suffered from voter confusion about its proposal especially in contrast or as a compliment to 110; Governor Hickenlooper's late TV advertisement contrasting it against Prop 110 and suggesting that it would pull funding from education and other state priorities; and finally, from a lack of funding for the campaign itself.

What's next for transportation

Funding transportation at the statewide level remains an elusive goal. Few available options are left as voters are not satisfied with a sales tax increase to fund the needs and fail to appreciate the value of bonding. Fortunately, Governor-Elect Polis and new legislative leaders noted during their campaigns that transportation is among their priorities.

Governor-Elect Polis did not support Proposition 110 and promised to convene thought leaders to deliberate on the options left. Where transportation sits in order of priority among his issue priorities is unclear but probably falls at number 3 or 4 behind education, health care and energy.

Last year, the legislature passed Senate Bill 18-1 that provided \$650 Million one-time funds over two years. The measure also included a trigger to place a \$2.3B bonding question before the voters in 2019 had Prop 109 and Prop 110 failed. The mechanics of the \$2.3B bonding question will need to be reworked to be financially sound but it does provide an avenue for addressing some immediate needs. Legislative leaders, however, could opt to repeal the trigger altogether deciding instead to spend the obligated general fund revenue on other state priorities or as a pay-as you go approach.

Additionally, reflecting upon the reasons (noted above) behind the defeat of both measure could provide a path for a future new revenue option. Creativity in approaching new and existing funding models will be a necessity to make progress on the issue. In 2009, Democrats held "trifecta" power and passed new registration fees, a bypass to the TABOR requirements for a vote for new revenue. Fees could be among the options in a trifecta political environment.

Education Tax Increase Fails by Large Margin

An income tax increase on the highest earners in Colorado and corporations to fund education was defeated by voters on election night sending education funding advocates their second loss in six years on a substantial statewide funding proposal. The measure suffered from confusing provisions, opposition by the business community, and a significant tax increase that voters weren't willing to approve despite the strong economy and teacher support.