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2011 Colorado General Assembly Legislative Session Outlook

January 10, 2011

The First Regular Session of the 68th General Assembly of Colorado is scheduled to convene on Wednesday, January 12, 2011 at 10 am. Per the Constitution, the Legislature will meet for up to 120 days, with adjournment *sine die* occurring no later than midnight on Wednesday, May 12, 2011. You can obtain more information on the General Assembly, including contact information for legislators, information on bills that have been introduced, schedules for committee hearings and links for listening to live audio broadcasts of the proceedings of the legislature by going to the [Colorado General Assembly homepage](#). The [deadline schedule for the 2011 legislative session](#) is also available. The House of Representatives and the Senate will again be televised, both on the [internet](#) and on Comcast cable television channel 165.

Elections

The Election of 2010 returned a Democrat to the Governor's Office (Denver Mayor John Hickenlooper), left the Democrats in charge of the State Senate with a 20D - 15R majority (from a 21D - 14R majority in 2009-10), and gave the Republicans a one vote majority in the House of Representatives (33R - 32D, as opposed to a 37D - 27R -1U majority for the Democrats in 2009-10). This is the first time in 6 years the Republicans have controlled the House.

Legislative Leadership for the coming session will be:

House

Speaker Frank McNulty, Republican, Highlands Ranch – an attorney first elected in 2006.

Majority Leader Amy Stephens, Republican, Monument – a consultant, also first elected in 2006.

Minority Leader Sal Pace, Democrat, Pueblo – a college professor, first elected in 2008.

Senate

President Brandon Shaffer, Democrat, Longmont – an attorney first elected in 2004.

Majority Leader John Morse, Democrat, Colorado Springs – a legislator first elected in 2006.

Minority Leader Mike Kopp, Republican, Jefferson County – a business manager appointed to fill a vacancy in January 2007.

Governor-elect John Hickenlooper

Mayor Hickenlooper has been assembling his cabinet, with new appointments being announced almost daily. You can get up-to-date information on his appointments by going to www.partnersforcolorado.com

Mayor Hickenlooper will be inaugurated at 10 am on Tuesday, January 11, 2011. He will give his first “State of the State” address in the chambers of the Colorado House of Representatives at 11 am on Thursday, January 13. This will be broadcast live on the Internet, Comcast channel 165 and likely most of the Denver local television stations.

Initiatives

A total of six initiatives were on the November, 2010 ballot, ranging from fiscal issues to possessory interest to pre-trial release to exemption from federal health care reform. All six initiated measures lost in 2010; this includes the “big Three” of Amendments 60 and 61 and Proposition 101. These anti-tax, anti-government measures all lost by substantial margins and the litigation concerning the proponents continues in the courts.

Recap of 2010 Session

The 2010 session ended in May. The budget deliberations dominated much of last session.

Budget

- At the beginning of the 2010 session, the legislature was facing a GF (general fund, or tax revenue) budget shortfall of approximately \$600 million for FY 2010-11. Due to the continued weakness in tax collections, and substantial caseload increases, especially in Medicaid, the GF shortfall has continued to grow. During the 2010 session budget process, the General Assembly used a combination of federal stimulus (ARRA)

funds, cash fund (user and license fees, tuition, etc.) enhancements, tax policy changes, and budget reductions to balance the FY 2010-11 budget. However, as some of these actions were one-time in nature, a substantial budget shortfall remains and is now estimated to be \$1.1 billion for FY 2011-12.

Tax Policy changes

- As part of the budget deliberations in 2010, the General Assembly adopted 10 tax policy changes to enhance General Fund revenues. This table shows the changes and the estimated fiscal impact, or increased revenues that will be collected because of the passage of those bills.

Bill	Subject	Estimated Increased GF Revenue		Expiration
		FY 10-11	FY 11-12	
HB 10-1190	Eliminate Sales Tax Exemption for Energy Used in Industrial Purposes	\$37.6	\$40.2	July 1, 2013
HB 10-1092	Sales Tax Standardized Software	\$23.7	\$24.1	Permanent
HB 10-1197	Conservation Easement Decrease	\$18.5	\$37.0	January 1, 2014
HB 10-1191	Eliminate Sales Tax for Candy and Soda	\$18.0	\$18.0	Permanent
HB 10-1099	Limit Net Operating Loss Carry-forward	\$8.2	\$16.5	January 1, 2013
HB 10-1193	Sales Tax Collection from Out-of-State retailers	\$0.2	\$12.5	Permanent
HB 10-1195	Suspend Sales Tax Exemptions on Certain Agricultural Products	\$4.6	\$4.6	July 1, 2013
HB 10-1196	Disqualify Category 7 Vehicle Tax Credit	\$2.7	\$2.7	January 1, 2012
HB 10-1194	Eliminate Sales Tax Exemption on Non-essential food items	\$2.0	\$2.0	Permanent
HB 10-1189	Eliminate Sales Tax Exemption on Direct Mail Materials	\$0.8	\$0.8	Permanent
TOTAL		\$116.3	\$158.4	

(NOTE: The above revenue estimates are derived from Legislative Council fiscal notes. We understand that many individuals differ with the estimates listed above. Leadership in both houses is currently discussing possible changes to these bills.)

Those tax policy listed above are anticipated to raise approximately \$116 million this year and \$158 million next year. Many candidates for the legislature pledged to repeal some (or all) of these measures if elected; such repeal would add to the state’s budget deficit or require additional budget reductions.

Major Issues -- 2011

Budget

As was the case in 2010, the condition of the state’s budget will be the most important and time-consuming issue to be addressed by the General Assembly

in 2011. The Legislative Joint Budget Committee started its budget deliberations in early November; they will continue their work and develop a budget recommended to the legislature with introduction of the FY 2011-12 budget (“Long Bill”) on March 28, 2011. One table that many of the readers of our Preview have used in the past several years is the ten-year comparison of key budget/caseload indicators. Please remember that these are not inflation-adjusted numbers – they just reflect actual dollars in each of the two example years. The table below illustrates clearly the state’s GF revenues and certain caseload changes of the last decade.

10 Year Comparison: Economic and Caseload Indicators FY 01 to FY 10

	FY 2000-01	FY 2009-10	% change
Colorado Population	4,339,000	5,018,000	15.7%
K-12 Student Enrollment	742,145	818,443	10.3%
Higher Education Enrollment	123,256	144,577	17.3%
Prison Population	16,833	22,633	34.5%
Medicaid Recipients	263,107	489,612	86.1%
General Fund Revenues (millions)	\$6,553	\$6,500	-0.8%

To summarize, *Colorado has more people, more K-12 students, more higher education students, more prisoners, and more Medicaid recipients than the state had ten years ago -- and we are attempting to serve this increased caseload with the same amount of General Fund as collected in FY 2000-01!* This is not a stable fiscal model!

An interesting sidelight to the increased caseload in Medicaid is the fact that Colorado voters passed Amendment 35, increasing tobacco taxes, in 2005 with a stated goal of using the increased revenues to provide funding for increasing enrollment in the Children’s’ Health Plan (CHP) and other health related purposes. This impacted Medicaid caseload numbers. Subsequently, the passage of the federal Affordable Care Act (federal health care reform) in March 2010 contained several provisions, including one that prohibits states from rolling back eligibility for Medicaid to pre-passage levels. Colorado has been able to use ARRA funds the last couple of years to help fund the increased Medicaid caseload, but those funds will not be available in FY 2011-12.

The Colorado General Fund is dependent primarily on income tax (estimated to be about 69% for individual and corporate income tax for FY 2009-10) and sales tax (estimated to be about 28.3% of total GF for FY 2009-10) collections. During periods of high unemployment, both of these revenue sources tend to be

negatively impacted. Consider the per capita changes in the revenues from these sources:

Sales Tax and Income Tax *Per Capita*: A 10 Year Comparison

	FY 2000-01	FY 2009-10	Change	
			\$	Percent
Excise/Sales Taxes per Capita	\$450	\$402	(\$48)	-10.8%
Personal Income Tax per Capita	\$902	\$783	(\$119)	-13.2%

As shown above, in FY 2009-10 Colorado collected **\$48 less per capita** in excise/sales taxes, and **\$119 less per capita** in personal income taxes. The state has more people, more people on Medicaid, more students in K-12 and higher education, and is collecting less money per person from the two primary revenue sources. Again, please remember that these are not inflation-adjusted numbers.

FY 2011-12 Budget

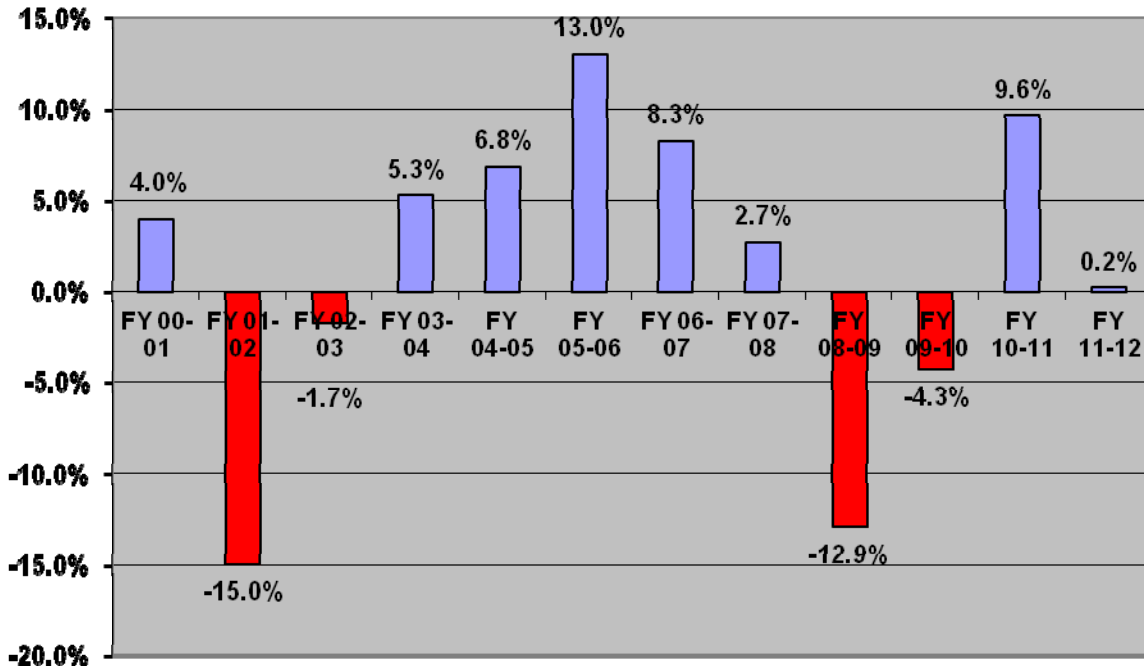
The State is facing a *minimum* \$1.1 billion GF shortfall in FY 2011-12. This is due to the combination of declining state GF revenues as well as significant increases in caseload (especially Medicaid), and the loss of one-time federal ARRA funds.

The Legislature recently received the [December Quarterly Economic and Revenue Forecast](#) from Legislative Council. The report indicated, *“The Colorado economy continues to gradually recover with private sector job gains, lower initial claims for unemployment, and increased consumer spending.”* The legislature will continue to monitor the GF revenues, and will receive the next quarterly forecast on March 20, 2011. The General Assembly traditionally uses the March 20 revenue forecasts to finalize the state budget for the coming fiscal year.

Historical and Projected Changes for the General Fund

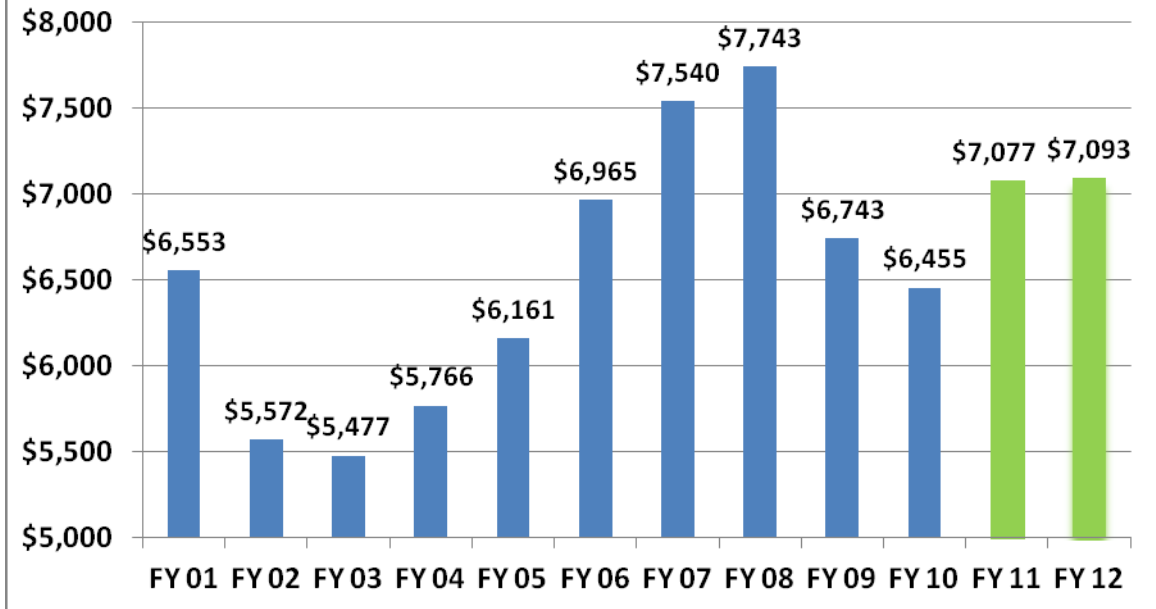
In considering the current revenue shortfall, it is instructive to consider the recent history of Colorado’s General Fund. The two tables below display the annual change in GF by percent (Table 1) and the total GF revenues by year (Table 2).

% Change in Annual GF Revenues



Colorado General Fund Revenues Recent Year Actuals and Projections

in millions



Capital Construction Dollars/GF Transfers to Transportation

One of the ongoing challenges for the state is the lack of a reliable source of revenues to support capital needs, including college and university buildings, prisons and various other state-owned facilities. In previous years, the state used GF “overflow” dollars to support capital needs; these funds have been nonexistent with the economic downturn. The repeal of the Arveschoug-Bird allocation limit in 2009 established certain statutory GF transfers to capital construction, transportation, and to a budgetary reserve; however, these transfers are contingent on available GF revenues.

Economic Development and the Economy

Nearly everyone is talking about “jobs”. The desire to create new, quality jobs and to retain those jobs that we have now is on every legislator’s mind and is the first thing that Governor-elect Hickenlooper or virtually any public policy maker speaks of. Indeed, quality job creation and retention, and generating wealth are the only way for the state to recover from the worst economic downturn since the Great Depression.

From the perspective of the Economic Development Council of Colorado ([EDCC](#)), the mantra will be “*do no harm*”. Businesses need stability and predictability in the cost of doing business.

There will be renewed focus on regulatory reform in order to help Colorado “*move at the speed of business!*” Governor-elect Hickenlooper, legislative and business leaders have all mentioned the need to streamline regulations. The Republican leadership of the Senate and House convened a meeting on January 5 focused on this issue. Items that came out of that meeting included:

- Cost/benefit analysis of any new regulation;
- Incentive structure for enforcement should reward maintenance of safety, not levy/collection of fines;
- Expedited permit processing timeframes;
- Statewide standards, rather than differing local regulations in order to reduce compliance costs.

Colorado has traditionally been a low-incentive state, but we have been able to provide primary employers an educated workforce, good infrastructure, a generally favorable tax climate, a good K-12 and higher education system (in spite of declining state support) and a great quality of life for their employees. This in turn has fostered an environment where secondary and service sector businesses have been able to grow and thrive through hard work and entrepreneurial spirit. We expect to see legislation aimed at helping entrepreneurs through access to capital and economic gardening.

Transportation

One of Governor Ritter’s top priorities was to increase funding for Colorado’s roads and bridges. Following the appointment of the [Colorado Transportation Finance and Implementation Panel](#), the legislature passed [SB09-108](#), known

as the “FASTER” bill. This bill raises approximately \$250 million annually through a variety of fees to fund repairs to more than 100 structurally deficient bridges as outlined in the [Bridge Enterprise Fund](#) report.

Health Care / Health Insurance

Much of the discussion on health care will center on the state implementation of the Affordable Care Act. At the forefront is the requirement for states to create a “health insurance exchange” The goal of an exchange is to create a health insurance marketplace with ease of navigation and access, consumer protections and education, and provider transparency. These exchanges will help health insurance providers display their plans, and help consumers to easily compare plans side by side within the marketplace. Ratings will be available on quality, price, benefits, and services. **There will be federal rules on minimum services each plan must contain.**

Exchanges will allow for individuals and small businesses to benefit from risk pooling, market leverage, and economies of scale that large businesses currently enjoy. Every state must have an insurance Exchange in place by January 1, 2014. Should a state not want to develop its own exchange, the federal government will create the state Exchange.

At least three separate bills to create a Colorado Exchange are being discussed for the 2011 legislative session. There are numerous stakeholders currently involved in the Exchange discussion: consumer advocates, insurance providers, insurance brokers, health care providers, small business owners, and the Colorado state government. The legislative discussion that will ensue in the 2011 session of the Colorado General Assembly could be lengthy and intense. The state has already started [planning for the exchanges](#).

The federal guidelines for the Exchanges are purposefully vague. It will be the responsibility of each state to take the general federal guidelines and develop what they see as the best model for their constituents. There have been ten forums held throughout Colorado. Folks have attended these forums with varying opinions on the implementation of the Affordable Care Act and on the Exchange(s). The following are some key discussion points, and will give you an idea of what the Colorado Exchange(s) may look like. Some of the issues that will be determined by upcoming legislation will include:

- Should there be one Exchange or numerous Exchanges in the state?
- Should we allow for regional Exchanges, working with other states (and therefore pool risk with constituents from surrounding states)?
- How do we avoid adverse selection? That is, pushing too many folks into or away from the Exchange(s), into or away from the private market?
- Do we allow all providers a place in the Exchange? Do we mandate that all providers participate in the Exchange?

- As it pertains to governance, who can sit on the board? Do we allow for former insurance providers to have a stake in the decision-making process? Do we allow consumers? What about medical providers?
- How do we ensure public accountability and transparency?
- How do we ensure that rural constituents and health care providers have access to the Exchange(s)? Many have voiced concern about the Exchange(s) being entirely on-line. What about folks with slow, dial-up connections or who lack internet access entirely?

The state also faces a longer term budget issue with continued growth in the state's Medicaid program. Medicaid continues to consume an ever-larger portion of the state budget, and the projections are for this trend to continue. The [JBC staff estimates](#) that the state's Medicaid program will require the following appropriations of General Fund in the next few years.

JBC Staff Estimated GF Requirements for Medicaid

	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
GF Approp.	1,074,780,176	1,648,415,351	1,780,057,722	1,895,500,060	2,017,675,237	2,156,638,773
\$ Change	N/A	573,635,175	131,642,371	115,442,338	122,175,177	138,963,536
% Change	N/A	53.37%	7.99%	6.49%	6.45%	6.89%

As shown in the table above, based on the JBC staff assumptions, Colorado faces a **53 percent increase** in GF for the state's Medicaid program for FY 2011-12 – this increase is necessary primarily to replace the expiration of the federal ARRA funds. Still, even in the out-years of the forecast period, the state's GF obligation for the Medicaid program is estimated to increase by a minimum of 6 percent per year.

Human Services

Governor-elect Hickenlooper is the first Governor in many years to bring a local government background to the Statehouse. As Denver Mayor, he had responsibility to administer many human services programs. Will this knowledge and background make him more likely to focus on some of the long-term issues facing the Colorado Department of Human Services? These include the interaction with the Department of Health Care Policy and Financing, the interaction with the state's 64 counties, and the need to address the Colorado Benefits Management System (CBMS), as well as the need to reduce state regulation in many of the human services program areas.

Human Services is one of the primary General Fund "user" departments not protected by the constitution or caseload – will the General Assembly make budgetary reductions in some of these program areas?

Regarding **services for individuals with developmental disabilities**, the multiple budget reductions have to this point avoided any reduction in the number of state funded slots in the disabilities programs. Maintaining this funding will be a high priority in the coming session. In addition, as the [JBC staff summarizes](#), the Department is faced with strong growth in the Adult Comprehensive Services program, as well as continuing growth in the Emergency Intervention Services program.

Services for Seniors

The last three years of budget problems has resulted in numerous reductions in state funding for various senior programs. With the continuing budget shortfalls projected for FY 2011-12, senior services will likely make more "contributions" to help balance the budget.

One area of particular concern is the Older Coloradans Cash Fund, which is distributed across the state through the [Area Agencies on Aging](#) to provide grants for community-based services to persons sixty years of age or older in order to assist them in living in their own homes and communities through programs such as Meals on Wheels. The legislature cut funding for this program for FY 2010-11 by 10 percent or \$1,000,000 - a cut that will carry forward on the base.

The legislature also transferred \$6 million for FY 2009-10 and \$4.85 million for FY 2010-11 from the Supplemental Old Age Pension Health and Medical Care Cash Fund reserves to help address the budget shortfall. Potentially, another \$3 million is scheduled to be transferred from that fund for FY 2011-12 with an additional possibility to increase that transfer to \$5 million. These cuts were in addition to a change in eligibility requirements of non-citizens for the Old Age Pension program. These changes are estimated to save the state about \$28 million on an annual basis. The suspension of the Senior Property Tax Exemption for the 2010 and 2011 property tax years is expected to increase the General Fund by about \$92 million for FY 2010-11 and nearly \$100 million for FY 2011-12.

K-12 Education

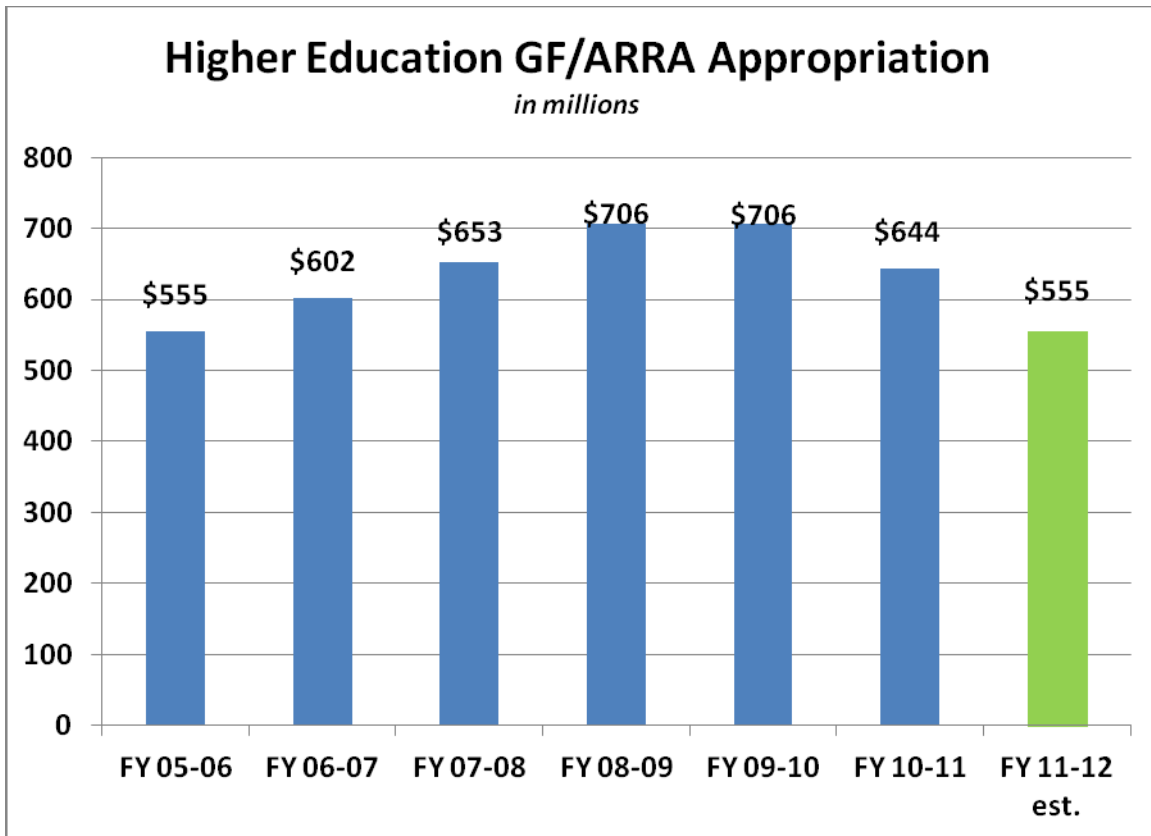
Most of the debate about K-12 education in 2011 will be about funding: after a \$260 million reduction in FY 2010-11, the legislature is again faced with an increase in student count and an increase in at-risk students (funded at a higher rate), combined with lower property tax revenues at the district level. Currently, for FY 2010-11, the state is facing a \$39 million shortfall. However, given further decreases in local funds anticipated for FY 2011-12, the state will be facing a shortfall of at least \$140 million. Put another way, the state will have to increase GF for K-12 education by \$140 million simply to backfill the loss of local revenues and hold K-12 funding constant. This shortfall of local revenues is a result of declines in commercial and residential property valuation.

As to the policy discussions, after many of the reform efforts of the previous years, many in the K-12 community are hoping to have time to implement all of the recent reforms prior to addressing new state mandates.

Finally, we continue to watch the school finance “adequacy” lawsuit (the “Lobato” lawsuit) – scheduled to go to trial in August. The case was originally filed in 2005, and the plaintiffs are arguing that the state is not meeting the “thorough and uniform” constitutional requirement for school funding. The outcome of that lawsuit could potentially further exacerbate the state’s budget problems.

Higher Education

The continuing funding concerns for higher education are emphasized in the recently completed [higher education strategic plan](#). The co-chairs of the strategic plan steering committee note “*The current condition of higher education in Colorado is alarming and deteriorating*”. The plan focuses on affordability, access, accountability, and quality. It is unlikely, however, that without a new source of funding for higher education, that the state will make any progress in any of these areas – and, given the other pressures on the state budget, Colorado is dangerously close to defunding all of public higher education. The chart below illustrates state funding for public higher education.



The FY 11-12 GF is estimated to be the same as the GF appropriated in FY 05-06 – although our resident students have increased from 136,000 student FTE to

153,000 FTE. Higher Education is serving 17,000 (12.5% increase) more students – with the same amount of state funding. Again, not inflation-adjusted amounts.

In 2010, the state passed the higher education flexibility bill – SB 10-003. This bill allowed governing boards to set tuition rates for resident students – up to a 10 percent increase. Increases above that threshold must be approved by the [Colorado Commission on Higher Education](#). Many institutions have received permission to consider tuition increases of up to 20 percent for FY 2011-12. Each governing board will establish final FY 2011-12 tuition increases in spring, 2011.

One other issue which will likely be considered is in-state tuition for children of undocumented immigrants. This issue – which was defeated after lengthy discussion in 2009 – will likely be considered again in 2011.

Finally, in the 2008 election, the Community Colleges, in partnership with the casino owners, were successful in their efforts (through [Amendment 50](#)) to raise the betting limit at Colorado's mountain casino towns. The additional funding for the Community Colleges (and Adams State and Mesa State) was \$6.2 million in FY 2009-10 and is estimated at \$6.0 million in FY 2010-11.

Insurance

The DOI will see new leadership, with the pending appointment by Governor-elect Hickenlooper of a new Commissioner of Insurance. Former Commissioner Marcy Morrison left the office at the end of November. Ms. Barbara Kelley, the Executive Director of the Department of Regulatory Agencies will remain in office, having just been appointed by Governor-elect Hickenlooper.

Local Government

The past few sessions have seen myriad bills introduced that would impact local governments. Key among these are beer/liquor sales and medical marijuana growers and dispensaries. We are seeing a battle looming on the sale of full-strength beer in convenience stores this year.

Could the **Medical Marijuana** debate return? In 2010 the General Assembly adopted legislation which defines the relationship between doctors who prescribe medical marijuana and their patients ([SB 10-109](#)) as well as legislation regulating dispensaries ([HB 10-1284](#)). Both of these issues generated significant debate and citizen interest, and could be revisited in 2011.

PERA

One of the most significant bills in 2010 was SB 10-001, designed to bring PERA (Public Employees Retirement Association) back to fully amortized status. Due to a combination of factors, including the stock market decline, PERA saw its assets decline from \$41 billion to \$30 billion in 2008. In an effort to strengthen

PERA’s long-term fiscal stability, the legislature adopted [SB 10-001](#), which increased employer contributions and capped COLA increases. It is important to note, however, that much of the “heavy lifting” – especially the employer contribution increases -- will take place in future years so no *additional* employer commitment is required until that time (Note: employer contributions were already scheduled to increase as a result of legislation adopted in 2004 and 2006). When fully implemented, the **employer contribution in excess of 20 percent** will substantially impact many public entities in Colorado.

The chart below reflects the current statutory schedule of PERA rate changes for the state division and reflects both the pre-S.B. 10-001 increases as well as the changes required by SB 10-001. The school division is almost identical, with the local government division requiring lower employer contribution due to its overall funded status. For specific information on these divisions, please review [PERA’s summary of employer contribution rates](#).

PERA Contributions: State Division

	<i>Employee Contribution</i>	<i>Employer Contribution*</i>	TOTAL Contribution
Jan 2011	10.5%	12.25%	22.75%
July 2011	8.0%	14.75%	22.75%
Jan 2012	8.0%	15.65%	23.65%
Jan 2013	8.0%	16.55%	24.55%
Jan 2014	8.0%	17.45%	25.45%
Jan 2015	8.0%	18.35%	26.35%
Jan 2016	8.0%	19.25%	27.25%
Jan 2017	8.0%	20.15%	28.15%

**The employer contribution includes the statutory employer contribution, the amortization equalization disbursement (AED) paid by the employer, and the supplemental amortization equalization disbursement (SAED) paid by the employer out of funds otherwise used for employee compensation. The AED and SAED can adjust based on PERA’s overall funded status.*

To summarize: Colorado should get credit for addressing PERA’s unfunded liability – many states continue to ignore this problem. But the increasing employer contributions will place a **substantial fiscal hardship on the state, schools, and many entities of local government.**

Immigration

During the summer of 2006, the Colorado General Assembly met in special session to focus on illegal immigration. In 2010, Arizona passed SB 1070 which has been very controversial and which has prompted a lawsuit by the Obama administration on implementation of the law.

Several Colorado legislators are planning to introduce legislation dealing with immigration, including a near-mirror image of the Arizona law. This will be an

emotional and lengthy debate, with the tourism/hotel/lodging/restaurant industry likely to oppose the legislation.

Water

With snowpack in the mountains at near-record levels, water isn't first and foremost at the Capitol this year. What is interesting though is the forethought that Governor-elect Hickenlooper has given to water with the appointment of Commissioner of Agriculture John Stulp to a new job as the Governor's Special Advisor on Water and Chair of the IBCC (Inter Basin Compact Committee). We are likely to see a strong emphasis on water policy in the Hickenlooper administration.

Initiative/constitutional reform

In January 2006 the [Colorado Economic Futures Panel](#) issued a report with numerous recommendations for shaping Colorado's economic future. These recommendations included fiscal reform and initiative reform. [Colorado's Futures](#) is a group of concerned citizens that has been working on implementing some of the recommendations included in that report and we expect to see several referenda introduced this year to accomplish those recommendations, including requirement of a "super majority" for passage of constitutional amendments, geographical diversity in voter signatures gathered on petitions and a "hands off" provision to prohibit legislative repeal for a period of time on initiated statutory changes.

Redistricting/Reapportionment

Although people sometimes use the terms "redistricting" and "reapportionment" interchangeably, they are not the same thing. Reapportionment refers to the division of the federal Congress' 435 seats among the 50 states, based on population. Redistricting refers to the re-drawing of Colorado's seven Congressional districts based on the federal census conducted in 2010. Recently, legislative leadership announced a 10 member bipartisan joint select committee to take citizen input and coordinate the process. The legislature then must pass legislation detailing the proposed Congressional district maps. The Governor can veto any map the legislature proposes. Inability of the Governor and legislature to concur on the new map could necessitate a special session of the legislature.

State legislative redistricting is completed by a redistricting commission, which will consist of 11 members – 4 appointed by the General Assembly, 4 by the Colorado Judicial Branch and 3 by the Governor. One of the overarching goals of the Colorado GOP in the November, 2010 election was to gain majority status in at least one house of the legislature in order to not have a predominantly Democrat controlled redistricting commission. The Commission will work through the summer 2011 to complete its work on drawing new state house and senate district boundaries.

Other Issues

Renewable Energy With the departure of Governor Ritter, as well as the legislative changes from the 2010 election, it is likely that renewable energy will be much less emphasized in 2011.

Agricultural Property Tax Exemption [House Bill 10-1293](#) established a task force to study the property tax exemption for agriculture. The [task force report](#) calls for statutory changes, in particular a modification to agriculture properties to measure whether a residence is “integral” to the agricultural operation.

Regulatory Reform The state fiscal crisis has raised the issue of whether the state can operate more efficiently with less money. The belief that business is sensitive to regulation has already been noted, but there is increasing dialogue that the state needs to revamp – and eliminate – the regulations it imposes on its own operations. This would focus primarily on the Departments of Human Services, Public Health and Environment, and Health Care Policy and Financing. We expect to see legislative efforts to combine, reduce, or eliminate many state regulations.

Summary

This will again be a most interesting legislative session. It looks like unemployment is down, revenues are up and Colorado is on the (long) road to recovery. We will be watching, lobbying and reporting on the various issues and will keep you informed. Please feel free to visit our website at www.lobbycolorado.com for more information as the session progresses. ***And have a happy and prosperous 2011!***

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January 30, 2011