

# CCAT 2020 Legislative Session Wrap-Up

June 24, 2020

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## CCAT Success in 2020

Counties and Commissioners Acting Together was once again an active voice for county government on most of the major issues heard by the 2020 General Assembly. CCAT supported 12 bills, sought to amend 3 others, and monitored or engaged in 30 others, including the state budget, for a total of **45 CCAT bills for the session.**

Despite the unusual nature of the second half of session some of CCAT's top priorities and bills were able to make it to the Governor's desk.

### Key Policy Achievements

- **COVID-19 & CARES Act** - CCAT played a key role in securing local government support and funding during the corona virus pandemic. The organization was able to secure various orders of Personal Protective Equipment (PPE). CCAT will continue to represent local government voices during ongoing COVID-19 discussion within the Department of Local Affairs.
- **Affordable Housing** - CCAT was able to achieve a major affordable housing win by working with other stakeholders to push the Department of Local Affairs to create the **Strategic Housing Working Group** which will analyze statewide housing needs and recommend resource spending. On the funding front, CCAT also successfully minimized cuts to funds secured in the 2019 session. While revenue from the Unclaimed Property Fund was delayed for two years, immediate dollars from the Vendor Fee program will remain. CCAT also helped secure \$35 million in new revenue for affordable housing should the tobacco and nicotine tax pass in November.
- **Reinsurance** - CCAT was a key voice in ensuring the continuation of Colorado's successful reinsurance program. Additionally, the group supported the expansion of health care programs for working class Colorado citizens and people living in the state without proper documentation.
- **Gallagher Repeal** - CCAT provided the only county voice in support of SCR20-001, now headed to the 2020 ballot. The repeal is a crucial step to begin untangling the state's fiscal constraints on local governments. CCAT was instrumental in securing guardrails for the Gallagher repeal via SB-223 which put a moratorium on adjusting the property tax ratio.
- **Human Services** - CCAT elevated the voice of local governments on several important human services issues, including child welfare funding, the long-term TANF reserve and the implementation of the Families First Prevention and Services Act.

### Legislative Activities

#### ➤ **Third Legislative Breakfast**

Twenty legislators attended the breakfast as well as over 30 county commissioners and staff. Both Senators and Representatives were able to give members an overview of their legislative priorities and answer questions and address concerns from county commissioners.

- **Governor Polis Fiscal Reform Round Table**  
CCAT participated in Governor Polis’s round table discussions on fiscal reform. The organization represented county and local government needs.
- **Briefed the House and Senate Local Government Committees** on CCAT’s mission and 2020 policy priorities. This was done in conjunction with Colorado Counties Inc., the Colorado Municipal League, the Special District Association, and the Northwest Council of Governments.

**See below for a summary of bill by issue area and next steps**

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## **General Session Overview**

While it may sound cliché, the “Second Regular Session of the 72<sup>nd</sup> General Assembly,” or 2020 legislative session was truly one of kind. This was in part because work was starkly divided into two sessions - pre and the other post COVID pandemic – and because of the unprecedented nature of the numerous far-reaching actions passed by the body.

Most important, lawmakers managed to patch together a \$31.7 billion FY2020-21 state budget, but only by making significant cuts to K-12 and higher education. The legislature also set in motion four tax policy changes that could be significant in the future.

The legislature also passed an 11-bill COVID-19 relief package, financed with \$70 million in emergency federal funding. The bills are designed to provide aid to workers, small businesses, renters, and people who need help with utility bills.

Of the 651 bills brought during the entire session, 66 were introduced during the three week second half of the session, and they included the major policy debates: police accountability, tax reform, paid sick leave, referred measures to repeal the state’s Gallagher amendment and increasing tax on tobacco and nicotine products.

When the General Assembly adjourned for good on June 15, they had navigated a historic budget deficit and passed unprecedented policy changes – all within only 84 days of what is usually a 120-day session. Cliché or not – it was truly one of a kind.

## **CCAT Priority Legislation**

### **Affordable Housing**

#### **HB20-1370 Transfers from Unclaimed Property Trust Fund**

**Sponsors:** Representatives Esgar & McCluskie and Senators Moreno & Rankin

**CCAT position: Monitor – passed into law**

**Bill Summary:** Per the CCAT initiated affordable housing bills from the 2019 session, the state is required to transfer \$30 million from the unclaimed property trust fund to the housing development grant fund to support the provision of affordable housing statewide. The bill delays the starting date for the first transfer by 2 state fiscal years.

#### **HB20-1035 Programs to Develop Housing Support Services**

**Sponsors:** Representatives Singer and Senator Fields

**CCAT position: Support – bill was lost**

**Bill Summary:** The bill has two main policy changes which support private and nonprofit developers in initiating and sustaining affordable housing projects. First, the bill requires an inventory of Public Lands Suitable for Affordable Housing Development. Second, the bill limits the “claw back” of property tax exemption fund for affordable housing projects. This will alleviate lenders’ concerns which hinder development of sorely needed housing.

#### **HB20-1410 COVID-19-related Housing Assistance**

**Sponsors:** Representatives Exum & Gonzales Gutierrez and Senators Zenzinger & Gonzales

**CCAT position: Support – passed into law**

**Bill Summary:** The bill uses Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funding to allocated \$350,000 to the eviction legal defense fund administered by the state court administrator, for the purpose of providing legal assistance to individuals facing eviction related to the COVID-19 pandemic; and \$19,650,000 to the housing development grant fund administered by the division of housing in the department of local affairs, for the purpose of providing housing assistance, including rental assistance, mortgage assistance, and guidance on other housing assistance, to households facing financial hardship due to the COVID-19 pandemic.

#### **HB20-1351 Local Government Authority Promote Affordable Housing Units**

**Sponsors:** Representatives Lontine & Gonzales-Gutierrez and Senators Gonzales & Rodriguez

**CCAT position: Monitor – bill was lost**

**Bill Summary:** The bill clarifies that the existing authority of cities and counties (local governments) to plan for and regulate the use of land includes the authority to regulate development or redevelopment in order to promote the construction of new affordable housing units. The provisions of the state's rent control statute do not apply to any land use regulation that restricts rents on newly constructed or redeveloped housing units as long as the regulation provides a choice of options to the property owner or land developer and creates one or more alternatives to the construction of new affordable housing units on the building site.

#### **Next Steps**

- The Division of Housing expect decisions will be made by the end of July or early August regarding the membership of the new “Strategic Housing Board”.
  - The Department of Local Affairs has explained that the COVID-19 response has delayed several housing efforts, but this remains an important priority.

#### **HB20-1427 Cigarette Tobacco and Nicotine Products Tax**

Reps. Julie McCluskie, Yadira Caraveo & Sens. Rhonda Fields, Dominick Moreno

**CCAT position: Support – passed and referred to voters for November 2020 ballot**

This bill was introduced and passed in the final three days of the legislative session. The measure refers a question to Colorado voters for the November 2020 ballot to raise taxes on cigarettes and start taxing other products that contain nicotine, including vaping products. If passed, it will bring in \$83 million in the next fiscal year and \$168 million the following year. See the fiscal analysis [here](#).

The revenue earned from the new tax will go to a variety of different needs over a period of several year including K12 education, tobacco and nicotine prevention, education and cessation programs and preschool programs, and back fill for state. The allocation of funding is not the same each year, but general fund backfills, and tobacco cash fund allocations remain constant. ***In the final negotiations on the bill, legislative champions succeeded to secure \$35 million over three years for affordable housing***

***programs with \$5 million set aside specifically for rural projects. With this addition to the program funding, CCAT moved into active support of the bill.***

## **Health Care**

### **HB20-1415 Whistleblower Protection Public Health Emergencies**

**Sponsors:** Representatives Herod & Sullivan and Senators Pettersen & Rodriguez

**CCAT position: Monitor – passed into law**

**Bill Summary:** The bill prohibits a principal, which includes an employer, certain labor contractors, public employers, and entities that rely on independent contractors for a specified percentage of their workforce, from discriminating, retaliating, or taking adverse action against any worker. The bill protects workers who raise any concern about workplace health and safety practices or hazards related to a public health emergency to the principal, the principal's agent, other workers, a government agency, or the public if the workplace health and safety practices fail to meet guidelines established by a federal, state, or local public health agency with jurisdiction over the workplace. Or if they voluntarily wear their own personal protective equipment, such as a mask, faceguard, or gloves.

**Bill Status:** 06/15 House Considered Senate Amendments - Result was to Concur – Repass

### **HB20-1349 Colorado Affordable Health Care Option**

**Sponsors:** Reps. Dylan Roberts, Chris Kennedy & Sen. Kerry Donovan

**CCAT Position – Active Support – died on calendar**

**Bill Summary:** Known as the “Public Option”, this measure was introduced with much fanfare by Governor Polis, Democratic legislative leadership and consumer groups as the lynch pin of policy efforts to reduce health care costs and provide more Coloradans with access to quality, affordable health care coverage.

The measure was uniformly opposed by Colorado hospitals, health plans and the business community. Majority of other health care providers stayed out of the debate. The primary objections from these interests was the mandatory participation, establishment of rate setting, lack of cost containment provisions across the entire health care system and considerable expanded authority to the Insurance Commissioner.

**Upon the legislature’s return from the COVID recess, the issue was deemed by leadership to be too complex and controversial to complete in the abbreviated 2020 legislative session. As such, the bill was laid over until December 31, 2020 which effectively kills the bill on the calendar.**

***Given the enormous investment of the current political leadership in this policy, it is highly likely some variation of this measure will return in the 2021 session.***

**HB20-1349 Bill Summary:** beginning January 1, 2022, requires a health insurance carrier that offers an individual health benefit plan to offer a Colorado option plan in the Colorado counties where the carrier offers the individual health benefit plan. The program would be required to meet the following criteria:

- Be offered to Colorado residents who purchase health insurance in the individual market
- Implement a standardized plan that:
  - Allows consumers to easily compare health benefit plans
  - Provides first-dollar, pre-deductible coverage for certain services
  - Include the essential health benefits package
  - Provide different, specific levels of coverage
  - Include a hospital reimbursement rate formula

- Require hospital participation
- Require a minimum medical loss ratio of 85%
- Require carriers and pharmacy benefit management firms to pass rebate savings through to consumers and document the savings and pass-through in a form and manner determined by the commissioner.

### **SB20-215 Health Insurance Affordability Enterprise**

**Sponsors:** Reps. Julie McCluskie, Chris Kennedy, Senators Dominick Moreno & Kerry Donovan

**CCAT position: Active Support – passed into law**

**Bill Summary:** The bill continues Colorado’s highly successful re-insurance program. In addition, it establishes the health insurance affordability enterprise to expand health insurance coverage for working class Colorado citizens and individuals living in the state without proper documentation. Both programs are funded by continuation of an existing health insurance fee, hospital assessments, and premium tax revenues. The new enterprise is governed by an 11-member governing board of which, as is customary with such regulatory bodies, nine members are appointed by the Governor.

The bill was amended to address the concerns and opposition from Colorado health plans including:

- Changing the percentage fee required from health plans to 1.15% for Nonprofit carriers and 2.10% for For-Profit carriers.
- The fee required from Hospitals was reduced given the impacts that COVID-19 is having on the hospital system.
- Guardrails were included to address Republican lawmakers concerns that the Division of Insurance may use this enterprise to enact a public option model.

### **HB20-1001 Nicotine Product Regulation**

**Sponsors:** Representatives Mullica & Larson and Senators Bridges & Priola

**CCAT position: Active Support – passed into law**

**Bill Summary:** The bill raises the minimum age of a person to whom cigarettes, tobacco products, and nicotine products may be sold from 18 years of age to 21 years of age. It also requires every retailer of the products in the state, on and after July 1, 2021, to be licensed.

Several amendments were added to the bill for it to move forward and obtain the necessary votes to pass. These were largely a result of compromises with the bill sponsors. The following amendments were adopted:

- Rather than requiring retailers to check ID regardless of age, the bill stipulates a check for anyone who appears 50 or younger.
- Requires the Colorado Department of Revenue (DOR) to examine rules for targeted enforcement against the smuggling of tobacco products.
- Allows retailers with more than 10 locations (under the same corporate/business entity) to establish a bundled license fee payment option. Maintains each individual retailer location to comply with enforcement requirements (i.e. fines, suspension, etc. if found in violation).
- Establishes a maximum retail license fee at \$400. Through rule though, the fee amount may be raised to a maximum of \$600 if the statewide compliance rate falls below 90%.
  - Provides adequate funds for DOR to stand up the enforcement program. DOR estimates renewal licenses will be \$250.

- If DOR is challenged to perform the required 2 compliance checks a year due to inadequate funding, the legislature can be approached for additional funding.

It is likely with such a large policy change additional clean-up changes and funding support will be needed in future legislative sessions

### **Health Care-Next Steps**

- Discussion around the Board composition from SB20-215 will be underway this summer.
  - The enterprise is governed by a 11-member board composed of the Executive Director of the Colorado Health Benefit Exchange and the Commissioner of Insurance or their designees and 9 members appointed by the governor and representing various aspect of the health care industry and health care consumers.
  - Details on pg. 14 of the bill [https://leg.colorado.gov/sites/default/files/documents/2020A/bills/2020a\\_215\\_enr.pdf](https://leg.colorado.gov/sites/default/files/documents/2020A/bills/2020a_215_enr.pdf)
- The Board will need to be appointed by October 1<sup>st</sup>.

### **Fiscal Reform**

#### **SCR20-001 Repeal Property Tax Assessment Rates**

**Sponsors:** Senators Chris Hansen, Jack Tate and Representatives Daneya Esgar, Matt Soper

**CCAT position:** **Active Support – passed and referred to voters for November 2020 ballot**

**Bill Summary:** Refers a question to the Colorado voters on the 2020 ballot to amend the state constitution to fully repeal the Gallagher Amendment. Repeal of this provision will prevent the interplay with the TABOR that results in automatic reductions in residential property tax rates. This dramatic decline in revenue has had a detrimental impact on county governments.

#### **SB20-223 Assessment Rate Moratorium & Conforming Changes**

**Sponsors:** Senators Chris Hansen, Jack Tate and Representatives Daneya Esgar, Matt Soper

**CCAT position:** **Support – passed into law**

**Bill Summary:** The bill clarifies that that beginning with the property tax year that starts on January 1, 2020, there is a moratorium on changing the ratio of valuation for assessment for any class of property. The bill only takes effect if the voters statewide approve the repeal of constitutional provisions related to the ratio of valuation for assessment for residential property and nonresidential property set forth in Senate Concurrent Resolution 20-001.

- Residential assessment rate 7.15%
- Nonresidential assessment 29%

### **Tax Policy**

Also, of interest to CCAT are four major tax policy changes the legislature set in motion that could be significant in the future, including:

- [HB20-1420](#) that exempts Colorado’s tax code from recent federal tax cuts, thereby raising revenue needed to balance the budget
- [SCR20-001](#) that asks voters to repeal of the Gallagher Amendment; doing so would ease the distortions in the current property tax system between business and residential rates
- [HB20-1427](#) that asks voters to raise taxes on nicotine products
- [HB20-1218](#) that changes school finance law, giving future legislatures the ability to raise property taxes

## **Next Steps**

- SCR20-001 allows for a ballot question to go to voters on the 2020 ballot. The Lobby team will continue to update CCAT members as more details on the campaign emerge.

## **Human Services**

CCAT supported additional funding for both Child Welfare and CCCAP programs via the [Long Bill](#) for FY 2020-21 as well as several human service bills to address gaps and challenges in the current system. Unfortunately, funding increases and new programs were jettisoned or delayed due to the economic recession caused by the COVID-19 pandemic. The JBC did opt to cut child welfare provider rates by one percent, after initially entertaining cuts of 5-10 percent. While the General Assembly had to cut roughly \$40-\$50 million to assorted human services programs, CCAT worked diligently with CCI and other individual counties to lobby the Joint Budget Committee to mitigate the impacts. CCAT also worked to refinance some of the long-term state TANF reserve for local use.

### **SB20-162 Changes Related to Federal Family First Policy**

**Sponsors:** Senators Rankin & Moreno and Representatives Gonzales-Gutierrez & Ransom

**CCAT position: Support – passed into law**

**Bill Summary:** The bill alters current law to accommodate new federal standards on the lays the Family First Prevention Services Act (FFPSA). The bill lays the statutory foundation for FFPSA implementation to occur in Colorado as soon as possible, putting definitions in statute and authorizing the state to implement the major provisions of FFPSA. Counties and the State together have laid important groundwork in building prevention and intervention services that help families be successful and have significantly reduced out-of-home placements statewide for better outcomes for children and youth. CCAT initially opposed SB20-162 and worked to amend the bill significantly after its introduction, enabling us to move to a support position.

## **Transportation**

### **SB20-017 Transportation Public-private Partnership Reporting**

**Sponsors:** Senator Winter and Representative Gray

**CCAT position: Support – passed into law**

**Bill Summary:** The bill requires the high-performance transportation enterprise to include information about its public-private partnerships in its annual report to the legislative committees.

### **HB20-1151, Expand Authority for Regional Transportation Improvements**

Rep. Matt Gray & Sen. Faith Winter

**CCAT position: Monitor – died on the calendar**

**Bill Summary:** Authorized a transportation planning organization (TPO) to exercise the powers of a regional transportation authority (RTA). This included the powers to impose various charges, fees, and, with voter approval, visitor benefit, sales, and use taxes to generate transportation funding. Included a hold harmless clause that prohibited CDOT from taking such additional transportation funding into account when determining state funding for the TPO.

CCAT members had mixed views on the strategy to bring the bill as means to provoke discussion about the need for a sustained and statewide revenue stream for critical transportation projects. Some were concerned it only served to deepen the divide between urban and rural interests on this issue. The organization also sought amendments to ensure autonomy of individual municipalities in the TPO.

Discussions were underway with the sponsors on these amendments when the legislature took a recess in response to COVID.

Upon the legislature's return from the COVID recess, Rep. Matt Gray deemed the bill was not realistic in the current economic and political environment and allowed it to die on the calendar. In doing so he also stated his commitment to bring the bill back in the 2021 session.

#### **[HB20-1315](#), Carpooling Service Internet Application Register Colorado Department of Transportation**

Reps. Julie McCluskie, Perry Will & Sens. Kerry Donovan & Dennis Hisey

##### **CCAT Position – Support – died on the calendar**

**Bill Summary:** This measure was brought by the I70 Coalition to correct the interpretation that consumer-initiated carpool internet applications are subject to taxi or ride share rules under the Department of Regulatory Agencies. To avoid this regulatory burden, the bill would have required annual registration with CDOT to disclose to users of such applications that these are not taxi or ride share services. The bill also would have limited charges for the application, the number of passengers to use the service and the number of round trips made in a single day.

Unfortunately, this bill was deemed not to be a priority relative to other COVID related measures and was left to die on the legislative calendar. It is likely to be seen again in 2021 given the bipartisan and community support for the bill.

##### **Transportation funding action:**

The JBC introduced [HB20-1376](#), *Modify Transportation Funding Mechanisms* as an orbital bill to the budget. This enacted the following key changes:

- Delayed allocating the statutorily required \$50 million annual transfer from the General Fund for transportation needs for two years.
- Reduced by \$12 million the amount of General Fund dedicated for lease-purchase agreement payments in FY 20/21 and FY 21/2. This is in anticipation of improved COP performance bringing in extra revenue.
- For the second time pushed out the scheduled legislative referred measure on transportation bond funding from 2020 to 2021.

#### **Environmental Resilience**

##### **[SB20-010](#) Repeal Ban on Local Government Regulation of Plastics**

**Sponsors:** Senator Donovan and Representatives Froelich & A. Valdez

##### **CCAT position: Support – postponed indefinitely**

**Bill Summary:** The bill repeals language that prohibits local governments from banning the use or sale of specific types of plastic materials or restricting or mandating packaging or labeling of any consumer products.

##### **[SB20-094](#) Plug-in Electric Motor Vehicle Registration Fees**

**Sponsors:** Senator Priola

##### **CCAT position: Monitor – postponed indefinitely**

**Bill Summary:** The bill authorizes the high-performance transportation enterprise to impose the following fees upon the registration of a plug-in electric motor vehicle:

- An inflation-indexed surface transportation infrastructure equivalent use fee to be imposed at a maximum initial rate of \$120 and thereafter indexed to inflation; and

- A longevity fee that annually increases for each year in which a vehicle is in service until the vehicle reaches its 18th year of service.

Fee proceeds are credited to the statewide transportation enterprise special revenue fund for use by the high-performance transportation enterprise in funding surface transportation infrastructure projects.

### **Other**

#### **[SB20-217](#) Enhance Law Enforcement Integrity**

**Sponsors:** Senate President Garcia & Sen. Fields and Representative Herod & Gonzales-Gutierrez

**Bill Summary:** After significant amendments in Senate the bill was further negotiated in the House, where the concerns of law enforcement and local governments were sufficiently addressed. Key policies include:

- Beginning July 1, 2023, the bill requires all local law enforcement agencies and the Colorado state patrol to issue body-worn cameras to their peace officers and requires all recordings of an incident be released to the public within 21 day after the local law enforcement agency or Colorado state patrol receives a complaint of misconduct.
- Clarification on when a peace officer should wear and activate body cameras
- Data collection and statewide state database and reporting including all use of force by peace officers that result in death or serious injury
- Clarifies and limits law enforcement response to a protest or demonstration.
- The bill prohibits a peace officer from using a chokehold.
- The bill requires a peace officer to intervene when another officer is using unlawful physical force and requires the intervening officer to file a report regarding the incident.

**Bill Status:** 06/19 Signed into Law

#### **[SB20-109](#) Short-term Rentals Property Tax**

**Sponsors:** Senator Gardner

**Bill Summary:** For purposes of the property tax, the bill classifies an improvement that is used to provide short-term stays, which is overnight lodging for less than 30 consecutive days in exchange for a monetary payment. A building or a portion of a building that is designed and used as a residency by a person, a family, or families and that is leased or available to be leased for short-term stays is a residential improvement and, therefore, it is classified as residential property.

**Bill Status:** 02/11 Senate Committee on Finance Postpone Indefinitely

#### **[SB20-1093](#) County Authority License and Regulate Business**

**Sponsors:** Representatives McCluskie & Wilson and Senator Donovan and Rankin

**Bill Summary:** The bill grants a board of county commissioners the authority to license and regulate an owner or owner's agent who rents or advertises the owner's lodging unit for a short-term stay, and to fix the fees, terms, and manner for issuing and revoking licenses issued therefor.

**Bill Status:** 03/23 Signed into Law

### **BILL MATRICES**

**[Detailed Matrix](#)** view of bills, with hyperlinks to more information – bill versions, fiscal notes, engaged lobbyists, history, etc.

***Note that these matrices are confidential work products of Counties and Commissioners Acting Together and are not intended to be shared beyond your organization.*** These are dynamic links with the most up-to-date information on the bills as they move through the process and can be accessed from any internet source.

## Looking Ahead

### CCAT Calendar

- October-TBD: Meet to discuss 2021 Legislative Agenda

**COVID-19-** CCAT will continue to engage where necessary on issues related to the COVID-19 response including funding, tourism, public health orders, and new state guidance.

**Interim Committees** - There will be no interim committees meeting this summer. The legislature made this decision due to concerns about public safety and revenue shortages. [SB20-214](#) codified this decision.

**2020 Ballot Issues** - This November, Coloradans will vote on several impactful ballot issues. Below is a list of ballot measures of interest, along with a link to a broader range of issues and analyses by Legislative Council.

Aponte & Busam intends to send a follow-up brief on the 2020 Ballot after the official ballot is determined. This analysis will include summary of initiatives and polling data. Below we have highlighted a few key initiatives already in the process.

### Referred Measures

#### [SCR20-001](#) **Repeal Property Tax Assessment Rates**

The concurrent resolution asks voters to approve repealing several constitutional provisions regarding property taxes, commonly referred to as the Gallagher Amendment. Specifically, it repeals the 29 percent assessment rate in the constitution for most nonresidential property, the calculation of the target percentage, and the requirement that the General Assembly adjust the residential assessment rate to maintain the target percentage.

- Gallagher, named for former state Sen. Dennis Gallagher, was initially approved by voters in 1982, with a goal of limiting residential property taxation and forcing business to pay a higher tax share. Through a required balance between residential and commercial tax rates, one of its effects has been to bring down residential property taxes to near the lowest in the nation. Property taxes help fuel local districts of all kinds, and if the Gallagher Amendment is not repealed, legislative analysts predict K-12 education alone will lose half a billion dollars next year.
- If approved by voters, the Gallagher repeal would keep residential property tax rates from dropping in future years, saving schools, local governments, and the state from taking huge financial hits because of the coronavirus-induced recession.
  - Current Residential Assessment Rate 7.15%
  - Current Nonresidential Assessment Rate 29%

#### [HB20-1427](#) **Cigarette Tobacco and Nicotine Products Tax**

Reps. Yadira Caraveo, Julie McCluskie and Sens. Rhonda Fields, Dominick Moreno

This bill was introduced and passed in the final three days of the legislative session. The measure refers a question to Colorado voters for the November 2020 ballot to raise taxes on cigarettes and start taxing other products that contain nicotine, including vaping products. If passed, it will bring in \$83 million in the next fiscal year and \$168 million the following year. See the fiscal analysis [Here](#).

The amount and structure of the tax was negotiated with Altria, a prominent company within the tobacco and vaping industry before introduction and as such was not opposed. The industry is committed to

standing down to oppose the measure on the ballot and to ensure a competing citizens' initiative, is removed from the ballot.

The revenue earned from the new tax will go to a variety of different needs over a period of several years. The allocation of funding is not the same each year, but general fund backfills, and tobacco cash fund allocations remain constant. This funding allocations include K12 education, affordable housing, tobacco and nicotine prevention, education and cessation programs and preschool programs, and back fill for state. But importantly in the first few years the revenue will be available to support K12 education needs.

### **Citizen Initiatives**

**Tobacco** - [Initiative 292](#) - Proponents of this initiative will withdraw the title with the passage of **HB 20-1427** through the legislature as a referred measure. See above notes for detail.

**Paid Family Leave** - [Initiative 247](#) creates a statewide paid family and medical leave insurance program and division as an enterprise in the Department of Labor and Employment (CDLE). The purpose of the Family and Medical Leave Insurance (FAMLI) program and division is to provide partial wage-replacement benefits for up to 16 weeks per year to eligible employees, and employment protections for employees that take that leave. Premium payments for the program are split between employers and employees.

[Initiative 248](#) creates a statewide paid family and medical leave insurance program and division as an enterprise in the Department of Labor and Employment (CDLE). The purpose of the Family and Medical Leave Insurance (FAMLI) program and division is to provide partial wage-replacement benefits for up to 12 weeks per year to eligible employees, and employment protections for employees that take that leave. Premium payments for the program are split between employers and employees.

**Income Taxes** - [Initiative 271](#), repeals the constitutional requirement that all taxable net income be taxed at one rate.

Beginning in tax year 2021, the measure replaces the current 4.63 percent tax on income earned by individuals and fiduciaries with a graduated income tax, whereby Colorado taxable income earned above certain thresholds is taxed at higher rates. For tax year 2021, the rates in the measure are:

- for taxable income up to \$250,000, 4.58 percent.
- for taxable income from \$250,000 up to \$500,000, 7.00 percent.
- for taxable income from \$500,000 up to \$1,000,000, 7.75 percent; and
- for taxable income from \$1,000,000 and up, 8.90 percent.

The income tax brackets in the measure are adjusted for 2022 and subsequent years according to growth in Colorado personal income as measured by the Bureau of Economic Analysis in the U.S. Department of Commerce. Revenue collected from the increased individual income tax is exempt from the state TABOR limit as a voter-approved revenue change.

**Abortion** - [Initiative 120](#) would ban late term abortions occurring from 22 weeks to the time of birth.

### **Additional Citizen Initiatives**

In preparation for the 2020 ballot information booklet Legislative Council Staff has begun to prepare their analysis summary of each measure. This includes the major arguments both for and against the measure, and a brief fiscal assessment of the measure. Please see below for links to other measures.

- [Initiative 107 Reintroduction and Management of Gray Wolves](#)

- [Initiative 200 Expungement of Eligible Criminal Records](#)
- [Initiative 257 Local Voter Approval of Gaming Limits in Black Hawk, Central City, and Cripple Creek](#)
- [Initiative 271 Policy Changes Pertaining to State Income Taxes](#)
- [Initiative 284 Prohibit Restrictions on the Utilization of Natural Gas](#)
- [Initiative 295 Voter Approval Requirement for Creation of Certain Fee-Based Enterprises](#)
- [Initiative 304 Economic Impact Statement Requirement Pertaining to Ballot Titles](#)
- [Initiative 306 State Income Tax Rate Reduction](#)