



## **It was the year of the deal at the Capitol**

The 2024 Colorado legislative session made historic accomplishments on taxation, support of education, transportation funding and energy development and air quality, thanks in part to some creative deal making on some issues. Reform of state income taxes and local property taxes were bipartisan efforts, while legislation on transportation and energy development were less so.

Bills on land use, housing and gun control were driven by the Democratic majorities in both chambers. That didn't guarantee those bills passed in the same form as originally envisioned by their sponsors, or that all Democratic bills passed.

The biggest deals involved both chambers of the legislature, members of both political parties, Gov. Jared Polis and important outside interest groups. Here's a quick look at those issues.

**Local property taxes** – Introduced May 6 and finally passed in the waning hours of the last day of the session Wednesday May 8, SB 24-233 reduces valuations for both residential and commercial property, makes other changes in the tax system and creates separate valuation systems for school districts and for all other local governments. Proponents hope the bill will mollify conservative interest groups that having been pushing ballot measures that could damage state and local finances. Leaders of those groups have said they're keeping their options open, and there was no deal by the time lawmakers went home.

**State taxes** – Governor Polis has long advocated for reducing state income tax rates. Democratic legislators have resisted that idea while at the same time thinking up creative ways for tapping the Taxpayer Bill of Rights (TABOR) surplus to fund policy goals through mechanisms such as tax credits. SB 24-228 tweaks the methods used to pay TABOR refunds. Starting with the 2023-24 surplus a temporary income tax rate cut will be reinstated. For the 2024-25 surplus there will be a temporary cut in state sales taxes.

Other bills that passed will have the effect of reducing the TABOR surplus. Among them are:

- \$33.8 million in senior tax rebates (HB 24-1052)
- \$136 million expansion of the earned income tax credit for lower income taxpayers (HB 24-1134)
- \$684 million for other credits for lower income Coloradans with children (HB 24-1311).

Tax credits of all sorts were popular with lawmakers this session – nearly 50 bills were introduced.

**Energy development and transportation funding** – Governor Polis brokered a deal under which Democratic legislators killed some air quality bills the oil and gas industry didn't like in exchange for the industry pulling the plug on some threatened ballot measures. In exchange lawmakers passed:

- SB 24-229, which sets some new emissions standards and industry regulation practices
- SB 24-230, which assesses a fee on oil and gas production. That's projected to raise \$109 million – to be used mostly for transportation projects, a top Polis priority. That latter bill may face legal challenges over whether there's a proper nexus between the fee and the uses of the money for transportation.

Here's a look at the other big issues of the 2024 session.

### **Education funding**

House Speaker Julie McCluskie did some masterful deal making to pass a major reform of the state's K-12 funding formula – a goal that has eluded legislators for years.

McCluskie's HB 24-1448 basically reorders and adjusts the weights of factors that are used to calculate the customized amounts of per-student funding allocated to individual districts. The intention is to direct more funding to at-risk students. The bill was finessed so no district technically would lose funding, but there are definitely winners and losers among districts. The plan would increase overall K-12 spending by \$571.3 million, but will be phased in over six years meaning it won't fully be implemented until 2030-31.

The other significant accomplishment of 2024 was passage of a 2024-25 school funding package (HB 24-1430 and SB 24-188) that doesn't include use of the Budget Stabilization Factor (BSF) to trim school funding. Total Program Funding will be \$9.73 billion, \$561.7 million higher than this

school year's funding. A key element of the bill is \$35.9 million of additional support for rural districts, which is being made a permanent part of the finance formula.

Legislative leaders say they believe the funding increases are sustainable and that future lawmakers won't have to invoke the BSF to control education spending. Other education experts aren't quite as optimistic.

### **Land use & housing costs**

The failure of the Governor's omnibus land use bill in 2023 caused a shift of tactics for the 2024 session. Multiple bills on the subject were introduced. Advocates of housing density, increased use of mass transit, more affordable housing and renters' rights believe progress was made on those issues. But they experienced setbacks as well. Here's a look at key bills:

- HB 24-1313 – This complex bill, intended to encourage development of transit-oriented housing, was the centerpiece of the housing legislation.
- HB 24-1007 – This ban on local laws setting residential occupancy limits was one of the first housing bills to pass.
- HB 24-1152 – Some local governments will have to ease restrictions on construction of accessory dwelling units under this bill.
- HB 24-1098 – Renters will gain greater protection against evictions under this bill.
- SB 24-094 – This measure sets standards for habitability of rental units.
- HB 24-1304 – This proposal to limit the power of local governments to require parking in residential developments was significantly watered down from its original form.

There also were successful bills to limit the powers of homeowners' associations over individual property owners. But attempts to change construction defects laws failed, making another session of stalemate on a problem that has affected condominium construction for years.

### **Gun control**

Legislative Democrats moved aggressively on this issue, and a long list of bills sparked lengthy partisan debates in both chambers, particularly in the House. Despite the strong Democratic majorities, advocates saw somewhat mixed success.

The highest profile measure, the HB 24-1292 proposed ban on assault weapons, advanced farther than a similar bill did in 2023. But its Senate sponsor had it killed when it became clear

there wasn't a path to passage. Governor Polis likely wouldn't have signed the bill if it had passed.

The most sweeping proposal, SB 24-131, originally proposed a broad ban on carrying weapons in almost any public space. It passed after being narrowed to a ban on carrying weapons in some government buildings.

Bills that passed included a requirement for training to get concealed carry permits (HB 24-1174), secure storage of guns in vehicles (HB 24-1348), licensing requirements for firearms dealers (HB 24-1353) and expanded authority for the CBI to investigate gun crimes (SB 24-003).

### **Human services**

Issues such as taxes, housing and guns had higher profiles this session, but important work was done more quietly on behavioral health and other human services issues.

The most significant of those bills came from the work of an interim committee that studied the state's child welfare system. There also was legislation passed – and extra funding approved – in the legislature's continuing effort to get a grip on the backlog of competency evaluation and restoration of criminal defendants.

Key bills in this area include:

- HB 24-1038 – Additional funding and services for high-acuity youth who need residential care.
- HB 24-1355 – Creation of measures to reduce the competency wait list.
- SB 24-001 – Continuation of the I Matter youth mental health services program.
- SB 24-008 – Increased support for kinship foster homes.

But SB 24-059, a costly measure that sought to establish a statewide system of behavioral health care for children and youth, failed late in the session.

### **And then there's the budget**

While 94 state legislators breeze into the Capitol on January and work until early May, the six members of the Joint Budget Committee (JBC) start work in November and toil into March, when they unveil the annual "long bill" budget package for the other 94.

After the budget package emerged from the two houses in mid-April – and the JBC restored it to the form it wanted – the budget included \$42.88 billion in total spending, including \$16 billion GF, \$11.52 billion cash funds and \$12.52 billion federal funds.

Key takeaways from the budget include:

- Almost two-thirds of the total increase is taken by HCPF and DHS
- Nearly \$70 million is appropriated for competency evaluation and restoration
- 3 percent raises for state employees, along with approval of a step pay system
- 2 percent increase in community provider rates, less than JBC originally approved
- Higher education funded at \$132 million above governor’s request, resident tuition increases capped at 3 percent and non-resident at 4 percent

The JBC worked hard to fund both its priorities and some of the governor’s pet projects, and the committee dug into a lot of couch cushions to find the money to accomplish those things.

Doing all that may come back to haunt the 2025 JBC. As staff Director Craig Harper noted in a May 1 memo to the JBC, the 2024-25 budget “is using approximately \$457.8 million in one-time funding to support General Fund expenditures. ... Assuming that the vast majority of the \$457.8 million in one-time money is going to ongoing uses, backfilling that amount of one-time money with ongoing revenues in FY 2025-26 and beyond will be challenging.”

### **Other issues & bills**

As happens every year, lawmakers pack as many issues as they can into their 120-day session. Here are some other bills of interest that passed:

- Driving while texting – SB 24-065, passed at the very end of the session, prohibits use of cell phones while driving, with exceptions for hands-free devices.
- Front Range rail – SB 24-184 would increase rental car fees to raise about \$55 million a year for transit projects. The industry has threatened a ballot measure to counter the bill.
- Electrical grids – SB 24-218 directs Xcel Energy to develop plans for upgrading its electrical grid.
- Immigrant aid – Hotly contested in the session’s final days, HB 24-1280 establishes grants for community organizations that help integrate immigrants into society.

- Libraries - SB 24-216 sets up procedures for libraries on handling requests for removing books. (It doesn't apply to school districts.)
- Medical education – HB 24-1231 will fund medical education facilities on four Colorado campuses, including an osteopathic medical school at the University of Northern Colorado.
- Mortuary regulation – In response to recent scandals, SB 24-173 establishes state regulations of funeral directors and other mortuary workers.
- Motorcycles – SB 24-079 will allow motorcycles to “lane split” in certain circumstances.
- Personal injury lawsuits – Another last-minute bill intended to stave off ballot measures, HB 24-1472 raises caps on awards in medical malpractice and personal injury
- Right to repair – HB 24-1121 would require companies to make it easier for customers to repair their appliances and devices.
- Social media – HB 24-1136 would require social media sites to provide pop-up warnings about youth social media use.
- Student preferred names – HB 24-1039 requires schools to use students' preferred names even they haven't been changed legally.
- Towing – HB 24-1051 tightens state regulation of towing companies.
- Turf – SB 24-005 restricts use of turf in certain public areas as a way to save water.
- Wetlands protection – HB 24-1379 creates a system for state regulation and protection of wetlands that no longer are overseen by the federal government.

And here a few of the notable measures that didn't make it:

- Liquor licenses – HB 24-1373 sought to protect smaller liquor stores from the expansion of larger outlets.
- Police conduct – HB 24-1460 would have strengthened existing laws on police misconduct but died a rate tie vote on the House floor.
- RTD – HB 24-1447 started as a bold plan to reform the transit agency and more closely integrate it into state transportation planning.
- Safe injection sites – HB 24-1028 would have allowed cities to let such centers open.

### **The tone of the session**

Although Democrats have healthy majorities in both chambers, there have been continuing tensions – mostly in the House – between Democratic progressives and a small hard core of

Republicans who try to dominate the speeches while losing the votes. And there are tensions between those progressives and more mainstream Democrats.

The Republican House minority has its own divisions, and those flared up early in the session when a two-year-old drunken driving case involving Minority Leader Mike Lynch came to light. He was replaced by Rep. Rose Pugliese of Colorado Springs.

Still, at least in public, the divisions seemed less intense – than they were in 2023.

### **The stats**

There were 705 bills introduced in the 2024 session, 472 in the House and 233 in the Senate. This was the highest totals in recent sessions.

### **Capitol transitions**

Election years such as 2024 always bring significant turnover in the legislature as members subject to term limits finish their service or just move on to other opportunities.

Key Senate departures this year include Senate President Steve Fenberg of Boulder; JBC vice chair Sen. Rachel Zenzinger of Arvada; Sen. Rhonda Fields of Aurora, a tireless advocate for minorities and for crime victims, and Sen. Bob Gardner of Colorado Springs, an anchor of the Republican caucus and a man known for his long speeches.

The House is losing GOP Rep. Marc Catlin, a respected voice for the Western Slope; Speaker Pro Temp Chris deGruy Kennedy; the Democratic chair of House Education Barbara McLachlan, and House Judiciary chair Mike Weissman.

About a quarter of the 100-member General Assembly is leaving.