



Capitol Gains: The 2015 session was all talk and no action for the middle class

As an organization that fights for widespread prosperity for all Coloradans, we were initially pleased to see the 2015 legislative session begin with pledges to lift up Colorado's struggling middle class. Unfortunately, talk never translated into action, and bills that targeted middle-class families and priorities were ultimately denied in lieu of partisan squabbles and special interest giveaways.

TABOR rebates on the horizon created a new narrative, pitting funding for state priorities against \$20 rebates for Colorado taxpayers. The twisted implications of TABOR and the "fiscal thicket" were on display more than ever, whether it was through the inability of lawmakers to enact policies that would have saved money for the state without a vote of the people, or the rejection of new fees that would have increased revenue, but which also would have increased TABOR obligations on the General Fund.

As often expected with a split House and Senate, this year's legislative session was ultimately a party-line struggle over both substance and statement. Many bills moved rapidly through one chamber only to face immediate death when crossing over to the other body, often with little fanfare. CFI was disappointed to see so many good policy ideas die in the stalemate.

The Giving Spree: CFI defensive battles

Never to disappoint, legislators introduced nearly 30 new tax credits and incentives, some new and some revivals of bad ideas from previous years. CFI worked tirelessly to fight against these bad tax policies and poorly targeted special interest giveaways.

House Bill 15-1158 would have created a refundable tax credit for data centers — you may know them as "server farms" — that locate in Colorado. CFI worked to remind legislators that data centers don't create jobs and that Colorado was already considered a top contender for data center placement. We were encouraged to see this bill killed on the Senate floor in the final days of the session.

House Bill 15-1219 allowed for renewable energy companies with unused enterprise zone investment tax credits to receive a refund from the state for the amount of the credit up to \$750,000 per year. CFI opposed this bill on the grounds that monetizing business tax credits is bad tax policy and this creates a slippery slope for other tax credits. However, this bill passed swiftly through both the House and the Senate.

CFI also fought against one of the worst tax policies we have seen in a long time, Senate Bill 15-282, a.k.a. "Tax-Free Colorado." This bill, introduced by the governor's office, was inspired by a program in New York that was intended to bring jobs to upstate New York but which has been widely lampooned as costly and ineffective. The Colorado version would allow owners and employees of companies that locate in rural areas of the state and partner with a university to avoid paying income taxes for four years and a sales tax refund on all equipment they purchase within that time. That bill is headed to the governor's desk.



Hidden agenda: HB 15-1205 (Reps. K.C. Becker & Lori Saine, Sens. Michael Johnston & Owen Hill)

One of the most disappointing losses during this year's session was the death of House Bill 15-1205. The bill, which would have created a first-ever tax process to measure tax expenditures — credits, deductions and exemptions — was killed on a party line vote in Senate Appropriations with all Republicans voting against the bill. But the legislation, which had bipartisan co-sponsors and which had previously passed unanimously through the House, even clearing two Senate committees before inexplicably being added to the hit list by Senate leadership and dying in a third committee. This may have been the result of lurking opposition from special interest groups whose tax expenditures were to be evaluated.

After editorializing in support of this bill, The Denver Post agreed with our disappointment over 1205's death. Calling "corporate welfare recipients" the big winner on this bill, [The Denver Post said](#) "the inexcusable defeat in a Senate committee of a bill that would have merely *studied* whether tax credits, deductions and exemptions were well spent ensures that lawmakers can continue to extend or multiply these breaks while remaining blissfully ignorant as to whether they actually work. Even business groups supported this doomed bipartisan measure."

Inexcusable, indeed.

CFI worked closely with the sponsors and the National Federation of Independent Businesses to support this important step towards greater transparency and accountability in the state tax code. We were disappointed by the death of this common-sense legislation but hope to see the bill revived and passed in the future.

Middle Class Pass: Senate Bill 15-118 (Sen. Michael Merrifield)/House Bill 15-1347 (Reps. Brittany Pettersen and Dave Young)

Another bill that CFI worked on from the ground floor was Senate Bill 15-118. This bill would have increased the incentive for middle-class families to save for college using 529 savings plans. By increasing the amount of the state tax deduction available for families making less than \$250,000 per year, this bill would have increased the amount college savings by current savers as well as increase the number of savers in the "doughnut hole" — those who make too much to qualify for financial aid, but too little to afford college outright.

After a robust discussion in the Senate Finance Committee, the bill was killed on a party-line vote with all of the Republicans voting against the bill. However, not to be deterred, the bill was revived by Reps. Brittany Pettersen and Dave Young in the House. Appropriately retitled, "The Middle-Class College Savings Act," House Bill 15-1347 moved swiftly through the House only to be killed again in the Senate State Affairs Committee.



FAMLI ties: House Bill 15-1258 (Reps. Joe Salazar and Faith Winter, Sen. Jessie Ulibarri)

For the second year in a row, a bill allowing employees to contribute to and participate in a family and medical leave program was denied by the General Assembly. House Bill 15-1258, known as the Family and Medical Leave Insurance Act (or FAMLI) would create a family and medical leave program that offered partial wage replacement to eligible families. CFI worked closely with our partners to develop the insurance structure and estimate the costs and benefits of this program in Colorado.

Despite widespread support for the concept, the bill was ultimately killed on the House floor in a vote that included all Republicans and two Democrats.

Invest in Success: House Bill 15-1317 (Rep. Alex Garnett & Sen. Michael Johnston)

Another innovative idea that CFI worked on this year was House Bill 15-1317, which enables Pay-for-Success Contracts. This bill failed last year, but CFI worked with a large coalition to refine and improve it. HB 1317 would allow the state to enter into contracts with eligible investors to create performance-based program outcomes. Examples of these program outcomes include improvements in early childhood education, family health and economic opportunity.

With support from business, service providers and advocates, this bill moved quickly through both the House and Senate and is on its way to the governor's desk. We look forward to being further involved in the development of this program as it is implemented.

ICE holds: House Bill 15-1356 (Rep. Joe Salazar, Sen. Lucia Guzman)

CFI supported House Bill 15-1356, which would have created a uniform statewide standard for ICE detainers and bond procedures, ensuring that immigrants were advised of their rights under administrative hold requests and of the right to post bond. While the bill received bipartisan support in the House and was supported by the Colorado Sheriffs Association, the Colorado Association of Chiefs of Police, the Colorado ACLU, CFI, CIRC and many immigrant rights advocates, the Senate State Affairs Committee killed the bill in the waning days of the session.

Declaration of Independents: Senate Bill 15-269 (Sen. Ellen Roberts, Rep. J. Paul Brown)

Senate Bill 269 would have created a new test for determining whether a worker was an employee or an independent contractor for purposes of receiving unemployment insurance. The bill would have removed the presumption in current law of an employment relationship making it easier for employers to misclassify workers as independent contractors, thereby denying them access to unemployment insurance.

CFI opposed SB 15-269 because it would undermine the effectiveness of the unemployment insurance system as an economic stabilizer in times of recession, weaken an important protection for workers, and negatively affect the size of the unemployment insurance trust fund increasing risks for all employers and the economy.



We were pleased to see this late Senate bill die in the final days of the session in House Local Government Committee, but are sure it will be an issue of interest to business and labor groups next year.