



CFI's analysis of the 2014 legislative session: Oprah meets the Lone Ranger

Projections of increasing revenue set the stage for the 2014 legislative session, resulting in a praiseworthy desire to reinvest in recession-ravaged programs — as well as a frustrating eagerness to create new tax giveaways.

However, not all was forgotten from the recent recession. Newly reminded of the consequences of an economic downturn, the governor was prudent about adding dollars to the state reserve, increasing it by 30 percent. CFI was encouraged to see this responsible decision in the long bill.

As with most sessions, we at CFI saw our share of wins and losses. CFI was largely responsible for running two bills: a bill to make permanent the production of the Tax Expenditure Report, which was passed unanimously, and a bill to require more transparency from paid tax preparers, which lost narrowly in its second chamber. CFI's research and testimony was also an integral part in several other big wins, including a bill to end wage nonpayment and the defeats of several bad tax policies.

CFI was also a constant presence at the Capitol fighting against the seemingly endless number of new tax credits and exemptions. Often the "lone ranger," CFI was lauded for its consistent reminders of revenue priorities and prudent spending through the tax code.

2014 Legislative Agenda:

Tax Expenditure Reporting: CFI's major victory of the 2014 session was the unanimous passage of HB 14-1018, the Tax Expenditure Reporting bill. This bill made permanent a report that CFI worked to pass in 2011. This bill will fund the biennial publication of the Colorado Tax Profile and Expenditure Study, a report that has already been very helpful in understanding and analyzing who pays taxes and who gets special treatment in the tax code. This report is already paying dividends, receiving national attention as a step toward greater transparency and accountability in Colorado.

Taxpayer Protection: One of CFI's main legislative priorities was the Taxpayer Protection Disclosure Act, was HB 14-1285. This bill was a unique approach to addressing the increasing concern over paid tax preparer error and fraud. HB 1285 created a way for consumers to understand and control who prepares their taxes by creating the requirement that paid preparers provide a disclosure statement to all potential clients.

After passing the House and clearing the Senate Finance Committee, the Taxpayer Protection Disclosure Act (HB 1285) narrowly lost on its first vote on the Senate floor, falling short by just two votes. Even though the outcome was not ideal, the work and advocacy around this bill was



a tremendous step in educating lawmakers and the public about the dangers of working with unregistered tax preparers. We are hopeful that we can continue to work to protect taxpayers from untrained or shady paid tax preparers.

Wage Protection Act: CFI completed an in-depth report on the fiscal and economic impacts of wage nonpayment in Colorado for the Wage Protection Coalition's priority bill, SB 14-005, the Wage Protection Act. The bill would grant greater administrative protection for workers who have been paid unfairly or not at all by unscrupulous employers.

CFI's report was the first of its kind to calculate the cost of wage theft's impact on workers, their families, the state and the economy. CFI found Colorado workers lose as much as \$750 million in unpaid wages and the state loses as much as \$50 million in tax revenue each year from unpaid wages. The report helped the coalition put numbers to faces and persuade lawmakers the problem was real and that SB 005 was a cost-effective solution. The Wage Protection Act is on its way to the governor's desk.

Tax Credit Oprah: Although we would be hard-pressed to call the legislative session one of our favorite things, this year's General Assembly reminded us of Oprah giving away cars on her favorite things episode — however, instead of cars, our legislature gave away tax credits.

Throughout the session, CFI worked to hold legislators accountable for the seemingly excessive introduction of new or expanded tax credits and sales tax exemptions. Using a list of tax principles to evaluate these tax policies, CFI reminded lawmakers that every dollar of taxes they give away to special interests is a dollar that doesn't go to fund classrooms and college campuses.

While several tax credits were passed in spite of our efforts, we successfully killed or modified many of the bills, including a particularly egregious bill to create a sales tax exemption for IT data centers on the second-to-last day of the session.

FAMLI: CFI partnered with 9to5 Colorado to design and produce a cost estimate of a state family and medical leave insurance program. From that design came SB 14-196, the Family and Medical Leave Insurance, or FAMLI, Act. SB 196 would have established an insurance program to provide employees with basic wage replacement for up to 12 weeks while they cared for themselves or a relative. FAMLI would have been funded by employee contributions, about \$4 per week for a typical full-time worker, with an opt-out provision for those who did not want coverage. CFI's groundbreaking report informed legislators and their staff, the public and the media about the possible structure and financing of this type of insurance program.

While SB 196 stalled in Senate Appropriations, the push for state-level family and medical leave gained a lot of momentum under the gold dome and in other states. CFI's analysis helped lay



the foundation for future efforts to establish this important support for Colorado's changing workforce. Advocates across the country who are looking to implement similar programs have borrowed the data platform built by CFI to advance bills in their states.

You deserve the credit: Your generous support enables us to continue research and advocacy that ensures economic security for the middle class, which is the best way to improve the broader economy. It is Coloradans like you who care deeply about their state and their neighbors who help us pursue an agenda of widespread prosperity. Thanks for helping us.