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Colorado General Assembly
2016 Legislative Session Overview

We have been pleased to prepare this end-of-session review of the recently completed legislative session for more than 20 years. The review is meant to provide the reader with a 30,000-foot view of the session, with links to supplement documents and resources that will allow the reader to delve into more detail on those items of interest. We hope that you will enjoy reading our review and encourage you to share it with family, friends, business colleagues and others whom you think might be interested.

This review of the 2016 session of the Colorado General Assembly has been prepared by Danny L. Tomlinson, Ed Bowditch, Jennifer Cassell, and George Dibble, and represents their views only. Sources include the Office of Legislative Legal Services, Office of Legislative Council, Office of State Planning & Budgeting, Joint Budget Committee, and others. We appreciate the resources available in the preparation of this review. This review may be reproduced/distributed with appropriate attribution.

Thanks and enjoy!

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I. 2016 SUMMARY

The 2016 session marked the second year of split party control - the Republicans controlled the State Senate by a margin of 18-17, and the Democrats controlled the House 34-31. With split control of the chambers, we expected partisan legislation to be less successful, as was the case in 2015. The last time the legislative chambers were split was during the 2011 and 2012 sessions, where Republicans controlled the House and Democrats held the Senate majority.

In 2016 a total of 685 bills were introduced; 387 passed (56%) and were sent to the Governor. The Governor vetoed 2 bills, and 2 bills were allowed to become law without the Governor's signature. In years where the same party controlled both chambers, we saw much higher success rates – 68% in 2013 and 72% in 2014. This session, the passage of any bill required bipartisan support.

The good news – state General Fund revenues continue to increase, the economy continues to grow, and many of the reductions in General Fund appropriations that we saw beginning in 2008 have been or will be restored. The bad news – demands are up (caseload, enrollment, and infrastructure) and the interaction of Gallagher, TABOR, and Amendment 23 creates a Gordian knot (the "fiscal thicket") that the General Assembly will find increasingly more difficult to manage in coming years.

The big news in 2016 is *what didn't happen*: most of the high profile issues were not resolved. These included construction defects, the hospital provider fee, transportation funding, and establishing a presidential primary in Colorado. Despite lengthy conversations and some late bills, none of these issues was fully addressed. These major issues will lay over until 2017.

The other major issue was the work of the legislative Joint Budget Committee (JBC) in crafting the state budget for FY 2016-17. The Governor's November 2015 budget request for FY 2016-17 called for an increase in the K-12 Negative Factor and a decrease in state funding for higher education. The JBC was able to *reduce* the negative factor by $24 million, and hold higher education funding flat – much to the relief of many stakeholders and citizens.

Special Session? The rumors of a special session persist. Discussions are rumored to occur between the Governor's Office and legislative leadership, especially around the Hospital Provider Fee. The other issue that could be on a special session agenda is further refinement of the state's liquor laws. The Governor issues the call for any special session, and outlines the specific agenda topics that can be discussed, but can't force any legislative outcome.

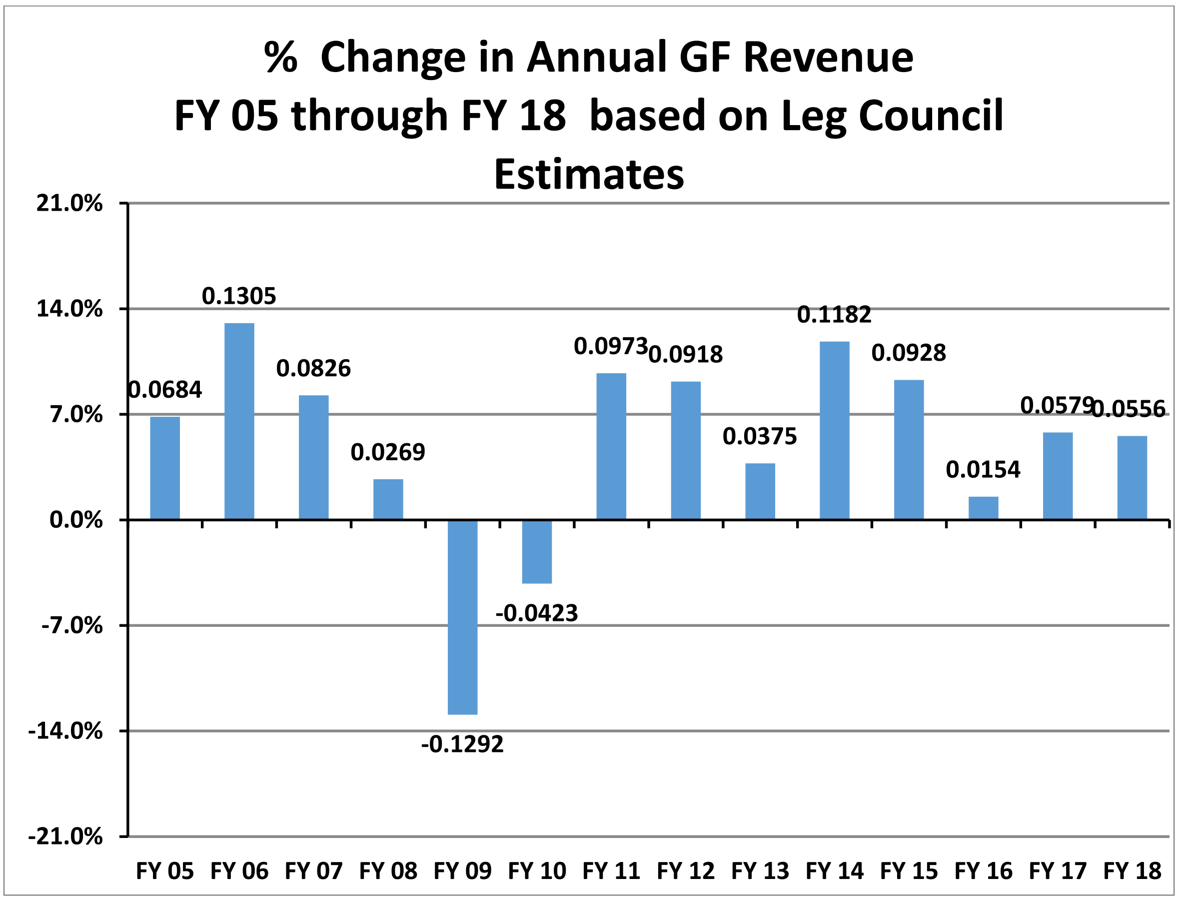
II. BUDGET OVERVIEW

A. COLORADO'S ECONOMY AND TAX REVENUE

Colorado's economy is among the best in the nation, though the downturn in the energy sector and the global slowdown. According to the Legislative Council's March 20 forecast, "Economic activity in Colorado and the nation is expected to continue to expand in 2016 and 2017, though at a slower pace than in the prior two years."

Strong job growth in the Denver metro area and northern Front Range, coupled with tourism and agriculture, has helped Colorado rebound from the 2008 recession. Still, the recovery is uneven and parts of the state (much of Western Colorado, Colorado Springs, and Pueblo) have not experienced the same degree of economic recovery.

On the strength of income and sales taxes, Colorado's tax revenues (General Fund) continue to accrue. The chart below shows the General Fund revenues for the last few years and projected (by Legislative Council) for the next few years.



The next quarterly revenue estimate will be issued on June 20, 2016.

"The Table": A Colorado Dashboard

We have included a dashboard snapshot of key indicators in prior reports – the indicators listed below are intended to provide a high level summary of how things have changed over the last 15 years.

Colorado Since 2001

	FY 00-01	FY 15-16	Change	% Change
Colorado Population	4,456,000	5,456,574	**1,000,574**	22.5%
Colorado General Fund (in millions)	$6,553	$9,958	$3,406	52.0%
K-12 Enrollment	724,508	899,112	174,604	24.1%
Higher Ed Resident Enrollment (FTE)	123,256	152,040	22,784	23.4%
Prison Population	16,833	20,104	3,271	19.4%
Medicaid Recipients	275,399	1,326,889	**1,051,490**	**381.8%**
Medicaid Share of State GF Budget	18.8%	26.6%	7.8%	41.5%
CU-System General Fund (in millions)	$206.6	$184.6	($22.0)	-10.6%
CU-Boulder Resident Tuition	$2,514	$9,312	$6,798	270.4%

The takeaway from the table above – Colorado has more General Fund revenue, more students in K-12, more students in college, and more prisoners. Most significantly, the number of Coloradans on Medicaid has increased by just under 400 percent. A look at the numeric change – **both Colorado's population and Colorado's Medicaid population have increased by just over one million people in 15 years.** This increase, due in part to policy changes but also to increases in Medicaid-eligible population, <u>is consuming an ever-larger portion of the state's budget.</u> Over these 15 years, Medicaid's share of state General Fund expenditures has increased from 18.8 percent to 26.6 percent and it continues to climb each year.

Viewed another way, **the percentage of the state's population served by Medicaid** has increased from **6.2 percent to 24.3 percent** – since 2001. This trend shows no signs of slowing down – Medicaid caseload averaged a *monthly increase* of approximately 10,000 in FY 2015-16.

The table above also underscores the continuing shift of financing public higher education – away from the state and onto the families. Colorado mirrors the nation in that regard.

B. FY 2016-17 BUDGET

Under the leadership of the 6-member budget committee, the legislature adopted a budget with the following components:

1. K-12 Education. Through a supplemental appropriation in FY 2015-16, the legislature reduced the Negative Factor by $24.5 million. The budget adopted by the legislature maintains this reduced Negative Factor for FY 2016-17. Please note – over the last few years, the legislature has been able to reduce the Negative Factor from $1.011 billion to $830 million – a reduction of approximately $181 million. The legislature authorized the use of the $1.0 million Contingency Reserve to assist six small rural school districts as they transition from being totally funded with local revenues to requiring state equalization – and a negative factor.
2. Higher Education. The good news is that the state did not reduce funding for higher education. The Governor's budget recommended a $20 million reduction in General Fund support, but the legislature was able to maintain flat funding for higher education.
3. Health and Human Services. The budget provides additional caseworkers for child welfare programs, and additional security and support staff for the Division of Youth Corrections. The budget also provides additional state funding for family planning services.
4. Senior Property Tax Exemption. The budget provides full funding for the senior homestead exemption for FY 2016-17.
5. Other. The state is establishing a new Cybersecurity Center at the University of Colorado Colorado Springs, and a Cannabis Research Center at CSU Pueblo.

So what "didn't get funded"? There are no salary increases for state employees, no TABOR refund projected for FY 2016-17, the Hospital Provider Fee is restricted by $73 million, and transfers to the State Highway Fund were reduced by $52 million. As part of the overall agreement to reduce the transfer of funding for the State Highway Fund, the legislature also simplified the "trigger mechanism" to transfer funds in future years.

Severance Tax Court Issue

In late April, the Colorado Supreme Court issued a ruling that will allow oil and gas companies to amend prior year returns and deduct more expenses – and therefore owe less taxes. The total potential revenue loss to the state is estimated at approximately $115 million – though that is considered a "rough" estimate at this point. What we know – the state will have to refund a certain amount of money to the businesses that paid severance taxes, the future severance tax collections will be smaller, and there will be more discussion on this issue by the JBC and the full legislature.

In addition to the annual budgetary changes, one can ask a series of policy questions about the state budget.

1. **Medicaid.** How much can the Medicaid caseload continue to grow? For the first ten months of FY 2015-16, the state's Medicaid enrollment expanded by over 104,000 clients. There are now more than 1.3 million Coloradans on Medicaid. Despite the enhanced federal match, our Medicaid program consumes an increasing share of the state's budget.
2. **TABOR**. The state has reached its TABOR cap in FY 2014-15, and is very close in both FY 2015-16 and FY 2016-17. Any required TABOR refund will further constrain legislative options in balancing future budgets.

3. **K-12 Negative Factor.** The K-12 budget continues to increase. But the negative factor – the amount below our funding target required by the provisions of Amendment 23 - remains at approximately $830 million. The state has been "carrying" a K-12 negative factor since FY 2009-10, and it has hovered between $800 million and $1.0 billion for most of that time. At this point, it is fair to ask whether the negative factor will ever be eliminated.
4. **Transportation.** The state's transportation infrastructure continues to deteriorate, and, outside of borrowing funding (SB 15-272 and SB 16-210), there is no plan for increased revenue.

These questions relate to what many people believe is a "***fiscal thicket***" for future budget decisions. In part to address this future fiscal issue, the Governor recommended that the **Hospital Provider Fee** be designated as a TABOR Enterprise. Under the Governor's proposal, the revenues provided by the hospitals to the state would not be counted as TABOR revenues. Similar to the Institutions of Higher Education, the State Lottery, and the Division of Wildlife, the Hospital Provider Fee would have been designated as an Enterprise. Moving this "off budget" would create space under the state's TABOR limit and would lower the TABOR refunds – and allow the state to retain those revenues for budgeting purposes.

The Governor supported this proposal in both 2015 and 2016. Both times, the proposal died in the Senate.

III. LEGISLATIVE OVERVIEW

A. AGRICULTURE

In order to encourage new farmers and ranchers to move to Colorado, the legislature passed HB 16-1194, a tax deduction for leasing an agricultural asset to a beginning farmer or rancher. This type of incentive has been employed successfully in other states to entice new people to the industry.

The legislature passed SB 16-058, which expands the types of local foods that can be sold directly from producer to consumer through the cottage foods industry. In addition, the bill exempts poultry producers who raise and slaughter up to 1,000 poultry each year from the provisions of the Custom Processing of Meat Animals Act.

The agriculture industries grant bill, HB 16-1266, would have provided proof-of-concept, early-stage capital, and business expansion grants to Colorado businesses developing agriculture products and services, but the bill did not pass because of budget constraints.

We also saw a push to put into place a statewide mandatory rabies vaccination for pet animals. HB 16-1120 was spearheaded by Colorado Federation of Animal Welfare Agencies and promoted as a measure to protect public safety; however, the Senate Agriculture Committee did not share their perspective and the bill was unsuccessful.

B. CORRECTIONS AND PUBLIC SAFETY

Two significant bills passed late in the session to address those individuals sentenced to life without parole for crimes committed as juveniles. SB 16-180 creates a specialized program within the Department of Corrections for certain offenders who were convicted as adults for offenses committed when they were juveniles. The new program – for those individuals who have served at least 20 or 25 years of a sentence, depending on the type of crime – will allow individuals to further demonstrate rehabilitation and earn early release in a less secure setting. The goals of the program include fostering independent living and intensive supervision. Offenders must apply to be in the program, and must be in the program for at least 3 years.

SB 16-181 allows offenders who were sentenced to life without the possibility of parole for a class 1 felony committed as a juvenile between July 1, 1990 and July 1, 2006 to petition the court for a re-sentencing hearing. The bill also specifies the factors that can be considered in a re-sentencing hearing, including mitigating circumstances, the offender's age and maturity level at the time of the crime, and the capacity for rehabilitation.

Again, we saw a package of police reform bills that all passed the legislature. HB 16-1264 bans law enforcements' use of chokeholds, HB 16-1263 restricts racial profiling, and HB 16-1262 requires an employment waiver as part of the background check process for a police officer.

C. ECONOMIC DEVELOPMENT

Many business-related bills were introduced during the session as a result of national issues trickling down to Colorado – creating parental leave and paid sick leave (HB 16-1002 and SB 16-114), providing pregnancy accommodations to employees (HB 16-1438), 'banning the box' for applicants with criminal records (HB 16-1388), and prohibiting employers from seeking salary history (HB 16-1166). We also saw measures introduced to create retirement plans for private-sector employees (HB 16-1403) and to re-create the pay equity commission (SB 16-096). Given the split party control of the legislature, unless there was a compromise with business groups such as CACI and Denver Metro Chamber, the bills did not pass.

The business community rallied in opposition around HB 16-1275, a bill that would essentially eliminate corporate tax havens. The opponents claimed the bill would place onerous requirements on Colorado corporations, and the proponents claimed that these corporations were skirting the rules and not paying their fair share of taxes. The bill passed out of the House and died in the Senate.

Colorado will continue to offer film incentives as the Office of Film, Media, and Television received $3 million for film production activities.

D. EDUCATION

K-12 Education

In 2015, the legislature focused on realigning (and reducing) student assessments. That discussion lasted until day 120 in 2015.

This year, we had expected detailed discussions on student data privacy – an issue that had been raised in prior sessions. However, the discussion in 2016 was brief – and interested parties praised the bill coming out of these discussions (HB 16-1423) as a workable compromise. The sponsors – Representatives Alec Garnett and Paul Lundeen – deserve credit for carrying a bill that eliminated most of the controversy from prior years.

Regarding School Finance, the legislature was able reduce the Negative Factor by $24 million as a supplemental appropriation in FY 2015-16 and maintain that lower negative factor for FY 2016-17. The Joint Budget Committee had a series of school finance discussions with the joint education committees, but no legislation came out of those discussions.

One school finance issue that generated significant discussion at the end of the session centered on those "cliff districts" – those school districts that are completely self-funded through local property taxes. However, approximately 10 of those districts are going to need state assistance, and therefore they would transition from no negative factor to a full negative factor in one year. After much discussion, the legislature decided to use the state's K-12 contingency reserve to help some of those districts in this transition.

One other bill related to school finance was passed this year – HB 16-1354, the Debt Free Schools Act, which provides districts another avenue through which to go to their voters. Under this bill, districts could go to their voters for additional funds for capital or technology needs – but would be prohibited from issuing debt. Any additional mill levy as a result of this proposal would be exempt from the current statutory caps on mill levies.

Finally, the legislature continued its focus on supporting rural education, and passed SB 16-104 to provide a package of incentives to encourage people to teach in rural Colorado and HB 16-1222 to provide more resources for online education through the BOCES.

Higher Education

Once again, funding took center stage – but this year, instead of the state funding reduction (as proposed by the Governor), the legislature held funding flat for higher education. This was a major victory!

Five years ago the legislature gave the governing boards of the institutions of higher education the ability to set tuition limits - working with the Colorado Commission on Higher Education, and within certain constraints. That authority expired after FY 2015-16; as a result, allowable tuition increases for resident students were contained in a footnote in the Long Bill.

E. ENVIRONMENT AND ENERGY

Oil & gas operations continue to be debated at the Capitol. The opponents of oil and gas exploration introduced HB 16-1310, which would hold oil and gas operators liable if their operations cause an earthquake that damages property or an individual, and HB 16–1355, which would grant more control to municipalities over oil & gas activities and development. The proponents of oil and gas exploration introduced HB 16-1181 to require local governments to reimburse oil and gas operators for lost earnings from royalties. None of these bills passed.

Homeowners can now legally catch and use rainwater for their own purposes. This year's rain barrel bill was successful because it made clarifications to senior water rights and limited the collection of water to two rain barrels. The bill was lauded by Colorado Conservation and seen to many as a major step in water conservation efforts.

A bill that was introduced early in session, but didn't pass till late in session for political reasons, was SB 16-021, which establishes the fourth Monday of March as Public Lands Day.

F. FOOD AND BEVERAGE

Governor Hickenlooper signed into law legislation that will expand the number of locations that retailers and grocery stores can sell beer and liquor – current law only allows one store location per retailer to sell beer and liquor. SB 16-197 was a compromise developed within the last few days of session as a way to head off a proposed ballot initiative to allow full strength beer and wine in grocery stores. However, Choice Colorado (the proponents of the ballot measure) was opposed to the bill and are considering pushing forward with the ballot initiative.

New inspection requirements for restaurants will be in place this year after HB 16-1401 passed. The bill increases funding for food establishment inspections, and provides a more uniform system of food inspections. And, HB 16-1271 passed to allow limited wineries to ship their products directly to consumers.

G. HEALTH CARE AND HUMAN SERVICES

The General Assembly provided $2.5 million for expanded family planning services with the goal of reducing unintended pregnancies. This appropriation is made to the Colorado Department of Public Health and Environment and will provide family planning services to approximately 6,200 clients.

After a number of years of concern (and federal penalties) for the Food Stamp (SNAP) Program, the legislature passed SB 16-190 to encourage counties to exceed federal performance measures; the state would also share any bonus funds received from the federal government as well as any federal financial penalties with the counties.

The legislature spent considerable time debating transparency requirements between the state and the 20 community centered boards. Prompted in part because of an audit in Denver of their local board, the legislature considered different transparency requirements for these non-profit entities. In the end, SB 16-038 directs a statewide audit of the CCB's, allows future audits, and contains some transparency requirements. Expansion of the Colorado Open Records Act, which had been in the original bill, was not included in the final bill.

The Governor issued his second veto of the session on SB 16-169, which expands options for intervening professionals that take a person into custody as a result of a mental health crisis. The Governor stated, "while well-intentioned, we are concerned that SB 16-169 does not provide adequate due process for individuals".

For the second year in a row, there was a push to place disclosure regulations on freestanding emergency centers – which have gained popularity in Colorado as an alternative option to traditional hospital emergency rooms. HB 16-1374 was introduced to further regulate these centers, but the bill was not successful.

H. INSURANCE

The 2016 session was expected to be a busy one for the insurance industry, but many large policy bills on Pinnacol privatization and/or expansion into other states; public adjusters' business practices; market conduct examinations; construction defects; and bad faith reform were never introduced. Of significant importance to property and casualty insurers was Pinnacol Assurance's proposal to allow them to offer workers compensation policies and related services outside of Colorado. The proposal was well vetted by many groups and ultimately, opposition from the insurance industry and labor unions was part of the reason the proposal did not move forward.

For years, developers, builders, and local governments have been working to reform construction defects laws in an attempt to promote more owner-occupied housing. After a failed attempt during the 2015 session, many municipalities enacted their own local ordinances, and pressure grew for a state solution during the 2016 session. Discussions took place throughout the session; however, at the eleventh hour negotiations between the House and Senate broke down, and no compromise was reached to move forward on substantial constructions defects legislation. We did see the introduction of SB 16-213 as an attempt to do something on construction defects law, but it did not make it out of the House.

We saw technical cleanup bills that affect workers' compensation law – SB 16-217 was a compromise bill between Pinnacol Assurance, the Colorado Self-Insurers Association, and the Workers' Compensation Education Association that clarifies certain work comp litigation processes. And SB 16-198 clarifies that annual work comp form filings can be filed by NCCI on behalf of their member companies, rather than by individual carriers. We also saw another attempt to grant peace officers workers' compensation coverage for PTSD claims, but the bill (HB 16-1399) was defeated in the Senate.

Additional legislation that would have affected the auto insurance industry had it passed was HB 16-1293 to require a total loss brand for vehicles deemed to be a total loss. The bill was opposed by the insurance industry because it was thought that a car with this brand would be devalued. The bill did not make it out of the Senate.

I. LOCAL GOVERNMENT

Affordable housing bills were introduced as a way to ease the burden of obtaining and affording a home in Colorado's hot real estate market. Two bills passed to help address this – HB 16-1465 extends the state's low-income housing tax credit until 2018, and HB 16-1467 creates a tax-free savings account for home ownership. The third bill, HB 16-1466, had it passed, would have transferred $40 million from the unclaimed property trust fund to the Division of Housing and the Colorado Housing and Financing Authority to provide low-income housing vouchers and down-payment assistance. Many stakeholders supported the two bills that did pass.

SB 16-067 was a bill that would provide a property tax exemption for personal property used to provide broadband services. The bill passed out of the Senate unanimously, but died in its second committee in the House over opposition from CML, CCI, and the Assessors' Association, and concerns from public school groups.

Again, the Governor vetoed a bill that would eliminate local governments' use of red light cameras for traffic enforcement. Speaking to HB 16-1231, the Governor stated that the bill "enacts a State-imposed blanket ban on red light cameras for all municipalities, denying communities the right to decide for themselves based on their own traffic safety needs".

As expected, we saw the passage of SB 16-177, which was a technical cleanup bill for TIF/URA legislation that passed in the last few days of session in 2015. The bill was a compromise that came out of the Governor's task force on the issue, and will provide clarity to those involved in urban renewal projects.

A bill (HB 16-1309) to require municipal courts to appoint counsel for criminal defendants at their initial appearance passed the legislative process. Concerned with costs to local governments as a result of the bill passing, the Governor sent the bill to the Secretary of State without his signature.

J. MARIJUANA

Marijuana was a big topic this session. A bill that would have had a substantial impact on marijuana pesticide testing and tolerances was drafted late in session, but was never introduced. We saw the introduction of HB 16-1266, a bill to allow the Department of Revenue to seize and destroy marijuana that has been treated with banned pesticides, but the bill was postposed indefinitely in the Senate. A bill to require the Department of Agriculture to create a pesticide-free marijuana certification program, HB 16-1079**,** was introduced early in the session, but the bill did not pass out of the Senate.

The Department of Agriculture's agenda bill, SB 16-015, to create a list of allowed pesticides for use on marijuana, rather than a list of banned pesticides, passed with little opposition. The new list of approved pesticides will provide clarity to marijuana growers on which pesticides can and cannot be used.

Even though there were stakeholder meetings on the regulation of hemp products during the session, no legislation manifested from these discussions.

K. STATE AFFAIRS

With the departure of Joe Garcia as Lieutenant Governor, Governor Hickenlooper nominated Donna Lynne, former Kaiser Permanente executive, as Lt. Governor. Both chambers approved her confirmation. Joe Garcia served as both Lt. Governor and Executive Director of the Department of Higher Education; Lt. Governor Lynne will also serve as the state's Chief Operating Officer.

Two bills were introduced with the intention of expanding the **Colorado Open Records Act (CORA).** One, regarding the Community Centered Boards, is discussed in the Human Services section above. The other, SB 16-037, would have expanded CORA to allow the requestor to specify the form of response for public information. For example, instead of receiving a multi-page salary report, the requestor could specify that the data be returned in a sortable Excel format. This bill was defeated.

Under the general category of "Government Accountability", the legislature approved SB 16-203, which directs the auditor to periodically review various tax expenditures and their return on investment. Tax expenditures are tax-related provisions that reduce tax revenue – and the review called for in the bill could lead to future tax policy decisions that modify tax deductions, credits, and exemptions.

L. TRANSPORTATION

The legislature extensively debated transportation issues – mostly over the lack of funding to fix aging infrastructure and to ease traffic congestion. Some legislators also wanted to enact more oversight over the Colorado Department of Transportation.

SB 16-123 received considerable attention. The bill was opposed by CDOT and would have prohibited the requirement to use transponders for cars to travel in a high occupancy vehicle lane. According to CDOT, the bill would increase costs for future HOV lanes, decrease the likelihood that HOV would be used in the future, and puts future traffic congestion projects in jeopardy. Many groups including Denver Regional Council of Governments, Colorado Concern, Regional Transportation District, Conservation Colorado, Colorado Municipal League, and others opposed the bill, and it was postponed indefinitely in the House.

We saw the introduction of SB 16-210 Fix Colorado Roads Act, during the last week of the legislative session - many saw this bill as a repeat of the TRANs II bill in 2015. The bill did not have any new revenue attached to it, and ultimately died in the House. There was also an initiative put forth from Broomfield that would have created a state sales tax TIF for regional transportation projects for undeveloped commercial property. The bill, SB 16-194, did not make it out of the House. SB 16-011 was this years' attempt to alter the FASTER program – the bill would have required the revenues of FASTER fees to be used only for road safety projects, and not for transit projects. And once again, a bill (HB 16-1039) to require proper equipment (snow tires, chains, all-wheel drive, etc.) to drive on I-70 during the winter season was killed in the Senate.

IV. SUMMER/FALL 2016

During the summer and fall of 2016, several statutory and interim committees will meet to study transportation; water; wildfires; communications between the state and Medicaid clients; a cost-benefit study of legalized marijuana; police and firefighter pension reform; profiling-initiated contacts by law enforcement officers; school safety and youth in crisis; and a task force on 911 oversight, outage, and reliability. In addition, the Capital Development Committee will meet and tour state facilities. Finally, the Joint Budget Committee will meet and review state revenues (on June 20 and September 20) and perhaps tour parts of the state as well.

Ballot Measures

Colorado will have a crowded ballot in 2016. There are a few items of interest that could end up on the ballot:

1. Colorado Priorities, Initiative #117. This initiative would provide a ten year "time out" from TABOR's revenue limitation, and direct any revenues collected as a result of this measure be

allocated as follows: at least 35 percent be allocated to transportation, at least 35 percent to education, and the remainder to mental health and services for seniors.

The key to this provision is the amount of TABOR refund that would otherwise be refunded, but instead would be retained by the state should #117 pass. It is difficult to forecast how much this will be in the next ten years – but the table below shows the TABOR refund amounts since the passage of TABOR in 1992:

TABOR Surplus Liability

Since the passage of TABOR in 1992

Fiscal Year	Amount
FY 1996-97	$139.0
FY 1997-98	$563.2
FY 1998-99	$679.6
FY 1999-00	$941.1
FY 2000-01	$927.2
FY 2004-05	$41.1
FY 2014-15	$153.7

Amount in millions

The most recent quarterly revenue estimate (March 2016) projected a TABOR refund of $246 million in FY 2017-18.

2. Raise the Bar Colorado, Initiative #96. This measure intends to make future constitutional changes more difficult in requiring signatures from 2 percent of registered voters in each State Senate district and raising the approval threshold for new constitutional provisions from a simple majority to 55 percent (though to amend an existing provision requires only a majority). The geographic signature requirement will limit the number of items presented to the voters. The higher threshold for passage will limit the number of changes to the constitution.

3. ColoradoCare, Amendment 69. This measures intends to create a single payer health cares system in Colorado. This system will be funded through a payroll tax for employers and employees. The proponents say if the initiative passes, 100% of residents will be covered and individuals and businesses would save $4.5 billion in health care costs. The opponents say if the initiative passes, it will be a $30 billion (or more) tax increase and double the size of government.

4. Other potential ballot measures include: establishing a presidential primary system, allowing beer and wine in convenience stores, and local control of oil & gas operations.

V. LOOKING FORWARD TO 2017

A number of important issues were not resolved in the recent session and will assuredly be addressed next year. These include, but aren't limited to: budget/TABOR; transportation funding; use of red light cameras; K-12 and the "negative factor"; construction defects and affordable housing; and a Colorado presidential primary.

Also, all 65 seats in the State House of Representatives and 18 State Senate seats will be up for election/re-election. Of those legislative seats, nine Senators and 14 Representatives will not return to their seats either due to term limits, voluntary retirements, or running for another office. Those members who won't return include Senate President Bill Cadman, Senate Majority Leader Mark Scheffel, and Senators Carroll, Heath, Hodge, Johnston, Newell, Steadman, and Ulibarri. House members who will be leaving include Speaker Dickey Lee Hullinghorst and Minority Leader Brian DelGrosso, and Representatives Conti, McCann, Primavera, Tyler, and Vigil. A number of House members are leaving the House and running for the State Senate: Representatives Court, Fields, Kagan, Moreno, Priola, Ryden, and Williams. Given these changes, and potential election losses for some members, we expect to see 20-25 new legislators in 2017.

The 2016 Colorado election cycle will receive a lot of attention. U.S. Senator Michael Bennet is up for re-election. The Republican nominee will be chosen in the June 28 primary. Each of the state's seven Congressional district seats will be up for election/re-election.

The statewide offices – Governor/Lieutenant Governor, Attorney General, Treasurer and Secretary of State – will be mid-term and not up for election/re-election until 2018.

Colorado will once again be a battleground state for the presidential election. With Colorado still a purple state – turning blue for President Obama in 2008 and 2012, and turning red for Senator Gardner in 2014 – we will see candidates fundraising, organizing, and campaigning heavily in Colorado.

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We hope that you will find the information in this annual end-of-session review to be useful, interesting, and helpful. We encourage you to share it with others that you think might enjoy reading it. We would ask that you give appropriate attribution if you do share.

Thanks, and have a safe and fun summer!

Danny, Ed, Jennifer, and George