



## **End of Session Wrap Up for ACEC Colorado**

*Prepared on May 22, 2024*

### **ACEC Colorado Priority Legislation**

It was another very busy and very successful legislative session at the Colorado State Capitol for the American Council of Engineering Companies of Colorado. Members of Government Affairs Committee of ACEC Colorado actively followed 62 bills introduced this session. Summarized below are some of the highlights of the session for ACEC Colorado. However, you can review the entire list and all relevant outcomes [by clicking here](#). Please note that the final outcome of the bill can be found in the last column, the Governor still has until June 7<sup>th</sup> to sign legislation so this list will continue to update until then. If you have specific questions, please don't hesitate to reach out to Katie at [katie@howeswolf.com](mailto:katie@howeswolf.com).

### **Bills Amended**

We had an active session, rolling up our sleeves, and helping make some legislation better and more workable for engineering firms in Colorado. ACEC Colorado successfully amended 6 bills in total, with the number of requested amendments ranging between 1 and 11, depending on the issue. The biggest fight we had was over an turf bill, referred from the Water Resources interim committee, [SB24-005](#). This bill specifically targeted the installation, planting, or placement of nonfunctional turf, artificial turf, or invasive plant species on commercial, institutional, or industrial property, or a transportation corridor common interest community property, or a street right-of-way, parking lot, median, or transportation corridor. The GAC had some concern that this could potentially prevent some water quality treatment options engineers use in design. After many conversations, we were able to adequately address the concern, and spoke supportively of the intent. Although the Board did not move their position off of amend, we can count this as a successful outcome.

[HB24-1266](#) was another labor of love. This bill was one that the Colorado Counties (CCI) brought forward and began meeting with us before session began concerning utility relocation work. CCI decided to specifically and only take on Xcel in this fight over the "right of way" process. ACEC Colorado experts worked closely with the counties to draft many amendments that added clarify to defined terms, design completion percentages, general timeline, contractor responsibilities and requirements for the clearance letter. While there were still a few smaller requested changes that were not accepted, this was a great success for everyone involved, and will hopefully make utility relocation easier and less costly moving forward.

One bill that ACEC Colorado weighed in on later in session was [HB24-1352](#), Concerning Measures to Increase Access to Affordable Appliances, while the intent was good there were multiple concerns raised with the potential cost and implementation of Section 1 of the bill. Luckily, or so we assumed, the bill did not have the legislative support to make it through the Appropriations Committee, and HB 1352 was assumed lost. However, the proponents did manage to sneak a portion of that bill into a different late bill, [SB24-214](#) Concerning Implementing State Climate Goals, with an amendment in the 11<sup>th</sup> hour. You can see the two side by side, [by clicking here](#). This amendment did add pieces that were concerning, but ultimately only created a study to be done by the Colorado Energy Office. We anticipate we will see this again next year.

Similarly, we engaged on [HB24-1379](#), a fix to WOTUS being run by the Colorado Department of Public Health and Environment. While we had monitored this legislation, and similar legislation, through the first chamber, there were some amendments added on the House floor that caused concern: the first adding a permit approval process of 2 years and adding an unattainable stream mitigation setback distance. We were able to get an amendment to allow the Division to grant a shorter permit time for less complex projects in the final committee.

However, due to extensive stakeholder negotiations between the Colorado River Districts and the House Speaker, the Department and bill sponsors were unwilling to change the setback distance. As a compromise, CDPHE did formally state on the record that the Division “will consider technically and economically feasible options for mitigation as established by the Commission through rulemaking.”

### **Bills Supported**

ACEC Colorado is a very well-known and well-respected entity at the Capitol, and therefore support for legislation is highly sought commodity, but must be used prudently. There were 11 bills the ACEC Colorado Board supported this session, most of which were successful. The entire list is included in the link above, and ranged from tax credits for quantum industry support [HB24-1325](#), to the new water projects list approved [SJR24-004](#), to a grant program for wildfire mitigation [HB24-1006](#).

One of the most important bills that ACEC Colorado supported this year, was the reauthorization of the professional practice act for Architects, Engineers and Professional Land Surveyors, known as the Sunset bill. [HB24-1329](#) was one of the less exciting efforts during the legislative session, in large part due to all the time and work put into the Sunset review process that occurred in the summer and fall leading up to session. The continuation of the Practice Act was a paramount goal for the GAC this session, and it passed with flying colors, we are still waiting for the Governor to sign this bill but do not expect any problems.

Another large topic for legislative session was construction defect lawsuits, and the impact on affordable housing. There were a considerable number of bills addressing this issue, most ACEC Colorado were opposed to, but one notable effort we supported. [SB24-106](#) was a bill brought forward by design and construction professionals to try and address the frequency of construction defects claims, while maintaining the consumers ability to remedy a defect. This bill had a rocky start with the design side of the “construction professional” team, that would have left engineers and architects with greater liability, however that piece was removed prior to formal introduction. After more than 100 amendments to the bill, SB 106 would have done the following:

- **Informed Consent** – This consumer protection provision ensures the disclosures required in statute are honored and that homeowners provide written acknowledgement they have received their disclosures prior to providing their written consent to litigate a construction defect claim by a homeowner’s association, and it requires consent of 60% of the unit owners prior to pursuing litigation.
- **Technical Code Issues as Claims** – The bill now says performing code violations that do not cause damages should no longer be claims. The bill does not bar ANY claim if there is actual property damage, loss of use, personal injury, a building component that is not capable of performing its intended function (i.e., fire walls and fire protection systems) or verifiable danger to occupants. It only applies where NONE of those things are present.
- **HOAs Acting in Their Representative Capacity** – The bill now makes it clear that an HOA bringing claims on behalf of its individual members is subject to the same defenses those members would be subject to if they brought the claims, without affecting how HOAs bring claims concerning common elements. The new language simplifies the statute so that it can be more adaptable to the variety of factual situations that may arise. It essentially allows a judge or arbitrator to determine if a given issue is a defense to a claim.

This bill was unfortunately killed at the request of the House sponsors, who knew there was not enough political will to get it across the finish line, however this also meant that the bad bills did not either. We anticipate this will continue to be a hot ticket in upcoming legislative sessions.

### **Bills Opposed**

ACEC Colorado came out swinging against 7 bills this session. Debatably the most important category to be successful in, active opposition is only utilized when the impact of the policy would have devastating impacts for engineering companies in Colorado. The GAC uses this option sparingly, but usually puts in the most work to defeat legislation each year.

Coming in as the most offensive this year, ACEC Colorado strongly opposed [HB24-1230](#), that would have extended the statute of limitations for construction defects claims from 6 years to 10 years and [HB24-1083](#) that intended to create “transparency” in insurance coverage for construction professionals. Thanks to many hours

from the GAC, and other construction professional stakeholders, we were able to defeat both of these bad bills that would have inevitably increased the cost of building new single and multifamily homes – a further departure from the goal of affordable housing.

Then there was [HB24-1313](#), a portion of the land use bill from the 2023 session ([SB23-213](#)), concerning transit oriented communities. ACEC Colorado started meeting with proponents on this bill before session even began. While the intended goal is one that GAC members support, the “stick” for not complying was a non-starter. There were many stakeholders who had a similar complaint and proponents and sponsors promised at each meeting that they would revisit the enforcement, so the Board took an active monitor position. However, each step, it was a promise broken, so once the bill was sent to the second chamber, ACEC Colorado moved to a formal oppose. The enforcement mechanism was a cut in dollars received by counties through Highway User Tax Fund (or HUTF) dollars. The opposition finally gained enough traction to have this piece removed from the bill in the Senate Committee. The bill did pass, and was already signed by the Governor, but it was significantly altered from the original form.

The final bill of note was [HB24-1173](#), which was intended to expedite the permitting process for electric vehicle charging stations. This bill was a pet project by it’s House sponsor, Representative Alex Valdez who is frustrated by the lack of charging options for his EV at his apartment in Denver. In addition to ACEC Colorado, there were a variety of organizations who opposed this bill as well – including the Counties, Municipalities and the Homebuilders. After more than 70 proposed amendments, most stakeholders are comfortable with where the policy landed – however, the sponsors and the Colorado Energy Office, who adopted this bill late in session, were left very unhappy by the outcome, so much so that they did not vote in favor of the final version OR attend the Governor’s signing ceremony. This was an example of failure in the stakeholder process and unwillingness to accept input from entities charged with implementation.

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## **General Session Overview - 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.

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

### **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

The 2024 legislative session saw **705** bills introduced, a high for recent years, plus 73 resolutions of various kinds.

The bill tally so far is:

- **525** bills were passed, and as of **5/21/24** the Governor has done the following ([you can track his actions here](#)):
  - Signed **167** administratively
  - Held a signing ceremony for **73** bills
  - Vetoed **6** bills
- **105** bills were postponed indefinitely
- **75** bills died on the calendar or were otherwise killed

By the way, Gov. Jared Polis has until **June 7** to sign or veto bills, or they become law without his action. He has started his annual set of bill-signing tours, with stops around the state.

### Local property taxes

Introduced May 6 and finally passed in the waning hours of the last day on 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. But 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

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 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 by reinstating a temporary income tax rate cut. 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); a \$136 million expansion of the earned income tax credit for lower income taxpayers (HB 24-1134), and up to \$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

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, and 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 on 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 by 2030-31.

The other signal 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 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 Polis' omnibus land use bill in 2023 caused a shift of tactics for the 2024 session, and multiple bills on the subject were introduced. Advocates of 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.

And measures to change requirements for stairwells in multi-story buildings (HB 24-1239) and change taxation of short-term rentals (HB 24-1299) died.

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. And 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, late in the session.

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

While 94 state legislators breeze into the Capitol in January and work until early May, the six members of the Joint Budget Committee 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.

### **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.

## Deeper Dive into the Final State Budget

### Many dreams drove state budget package - *But decisions raise questions about future fiscal stability*

Everybody had big dreams for Colorado's 2024-25 state budget

Gov. Jared Polis wanted more funding for his initiatives on affordable housing, public safety and property tax relief, among other things.

The six members of the Joint Budget Committee aimed to increase compensation for health care workers, make progress on the intractable competency evaluation and restoration backlog and bolster state support of public colleges and universities

Other groups of legislators had their own goals – more funding for behavioral health programs, support for mass transit and reform of the K-12 funding system. Many Democrats also wanted progress on affordable housing and land use.

And of course, everybody was determined to end use of the Budget Stabilization Factor, the device used to help balance annual state budgets by trimming K-12 funding below the full amount it would otherwise have received. It's been used annually for almost 15 years.

In the end almost everybody got what they wanted, if not *as much* as they wanted

The governor didn't get all the public safety funding he wanted, and the JBC wasn't able to support higher education and health care providers as strongly as it had hoped. Lots of lawmakers had their hopes dashed. At least 50 spending bills died when the session adjourned May 8 because they never moved out of the House and Senate Appropriations Committees.

But significant funding was devoted to K-12 education, property tax relief, housing initiatives and some other major priorities.

To deliver that budget the JBC and the governor's Office of State Planning and Budgeting used several creative techniques to raise the money they needed to support the spending they wanted. Those included sweeping some cash funds and reclassifying some revenues in ways that reduced the TABOR surplus.

All of that may have future unintended consequences.

In a May 1 memo to the JBC, staff director Craig Harper wrote: "The FY 2024-25 budget is using approximately \$457.8 million in one-time funding to support General Fund expenditures and/or expenditures that would otherwise be General Fund."

That amount includes \$210.6 million in "leftover" federal pandemic relief money, \$137.4 million in transfers from other funds to the General Funding and other changes.

Here's Harper's bottom line:

"While the budget uses that amount of one-time money for FY 2024-25, there does not appear to be a similar amount of one-time spending. JBC Staff has estimated that there is approximately \$50 million in identified one-time spending in the Long Bill. ... 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."



In 2025-26, Harper estimated, “the state approximately \$380 million short of being able to sustain the projected spending and sustain a 15.0 percent reserve in that year barring other changes to either reduce spending or increase revenues.”

(See Harper’s full memo here - [http://leg.colorado.gov/sites/default/files/gfo-04-29-24\\_0.pdf](http://leg.colorado.gov/sites/default/files/gfo-04-29-24_0.pdf))

### **The “other” budget**

In recent sessions lawmakers have become increasingly interested in using tax credits and rebates to achieve various policy goals.

While the Taxpayer’s Bill of Rights in the constitution sets clear directions for the amount of refunds to be made in a given year, it leaves distribution of those refunds to the legislature’s discretion. Legislators, particularly Democrats, have been pushing to reduce state revenues through targeted tax credits – thereby reducing the TABOR surplus.

Tax credits of all sorts were popular with lawmakers this session – nearly 50 bills were introduced. The JBC doesn’t play a formal role on these issues.

Among major credits passed this session were \$33.8 million in senior tax rebates (HB 24-1052); a \$136 million expansion of the earned income tax credit for lower income taxpayers (HB 24-1134), and up to \$684 million for other credits for lower income Coloradans with children (HB 24-1311).

(Get details on all tax credit bills in this tracker - <https://app.coloradocapitolwatch.com/bill-analysis/7405/2024/0/>)

### **Details of the long bill package**

The 2024-25 *operating* budget package (the long bill) includes \$42.88 billion in total spending, including \$16 billion GF, \$11.52 billion cash funds, \$12.52 billion federal funds and the remainder re-appropriated. (The total is \$40 billion without re-appropriated funds.)

There is \$20.6 billion General Fund available for 2024-25 to cover budget package obligations of \$18.3 billion and the 15 percent reserve of about \$2.6 billion. (The “budget package” includes the long bill and other spending measures.”

#### Top takeaways:

- Almost two-thirds of the total increase is taken by HCPF and DHS
- Nearly \$70 million 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
- K-12 Budget Stabilization Factor *not* being used in calculation of school funding
- Higher education funded at \$132 million above governor’s request, resident tuition increases capped at 3 percent and non-resident at 4 percent

### **Key details of the budget package:**

**2023-24 adjustments** – The long bill always includes some adjustments to the current fiscal year budget – kind of late supplementals. The changes this year add \$12.7 million GF to 2023/24 spending. The main changes are a \$54.6 million increase in costs for the healthy school meals program and a \$42.3 million decrease in Medicaid costs.

2024-25 top level – The long bill and the legislative appropriations bill total a \$1.06 billion increase over the current budget. That’s 7 percent.

Reduction of TABOR refunds – JBC also increased the amount of GF available to spend in both fiscal years by reclassifying some funds, which had the effect of reducing the TABOR surplus.

Other increases to available GF – The package also include “sweeps” of \$69.3 million from severance tax revenues (HB 24-1413) and \$32 million from the controlled maintenance trust fund (HB 24-1426). Total transfers into the GF are \$32.6 million in the current year and \$104.8 million in 2024-25.

Transfers out of GF – There is a total of \$12.5 million. Remember that transfers, as opposed to GF appropriations, don’t require setting aside of 15 percent of funds for the GF reserve.

Capital construction – The total appropriation is \$367.4 million all funds, \$262.2 million Capital Construction Fund and \$103.3 million cash funds. HB 24-1425 will transfer \$251.7 million for capital and IT capital from the GF.

IT capital – Total funds are \$158.3 million, \$86.8 million GF and \$14.2 million cash funds.

#### Companion & other bills:

The long bill package always includes a number of JBC-sponsored “companion bills” (45 this year) that make specific budget changes that can’t be done in the long bill.

Companion bills of note include:

- HB 24-1389 – Provides one-time assistance to school districts impacted by immigrant students. Takes \$24 million from the State Education Fund.
- HB 24-1390 – Delays some parts of the healthy school meals program.
- HB 24-1393 – Re-imposes enrollment caps on the ASCENT program.
- HB 24-1394 – Increase funding for Charter School Institute mill levy equalization.
- HB 24-1395 – Delaying repayment to BEST school construction fund for Marijuana Tax Cash Fund.
- HB 24-1401 – Provides \$5 million in support to Denver Health.

#### **Relevant links:**

- FY 2024-25 Budget Package and Long Bill Narrative - <http://leg.colorado.gov/sites/default/files/24lbnarrative.pdf>
- CES budget package tracker - <https://app.coloradocapitolwatch.com/bill-analysis/7432/2024/0/>

#### **Department budgets:**

Here are highlights and summary information for departments of interest. The sections for each department include explanations for each budget item. Page numbers refer to the Long Bill Narrative linked below.

##### Corrections (page 23)

- \$1.17 billion all funds, 6.5 percent increase; \$1.07 billion GF; 6,423.5 FTE, .8 percent increase
- Increases of note include \$8.3 million for critical staff salaries, \$7.9 million for transgender care, \$6.3 millions of incentives for clinical staff and \$1.9 million for staff retention and acquisition
- Issues: There was considerable debate both inside and outside JBC about the reliability of prison population estimates and staffing needs. Attempts to reduce funding during floor consideration of the budget failed

##### Early Childhood (page 28)

- \$769 million all funds, -4.9 percent decrease; \$292.9 million GF; 229.8 FTE, -.8 percent decrease
- Increases of note include \$58.3 million for UPK, \$21.1 million for CCCAP, \$2.8 million for a home visiting pilot, \$1.9 million for workforce development and \$1.1 million for early intervention caseload adjustment. The overall decrease is due to the end of federal stimulus funds the department received in 2023-24
- Issues: Some JBC members have continuing concerns about use of GF for UPK, given that there's a dedicated source of tobacco revenue. That likely will continue to be an issue in the 2024 session

Education (page 31)

- \$7.44 billion all funds, -1.2 percent decrease; \$4.7 billion GF; 732.3 FTE, 10.6 percent increase
- Increases of note include \$43.5 million for categorical programs (total \$541.4 million), \$15.5 million for BEST cash grants and various administrative increases. There's a \$181.2 million decrease in federal stimulus funds compared to 2023-24. The final figure for Total Program Funding for school districts is contained in the school finance act, SB24-188.
- Issues: There was some JBC concern about the size of department administration requests, but most were granted. Of course, the noteworthy fact about 2024-25 school funding is that the Budget Stabilization Factor won't be used.

Governor (page 38)

- \$514.9 million all funds, -15.1 percent decrease; \$54.4 million GF; 1,282.3 FTE, 1.1 percent increase
- Increase of note is the roughly \$2.5 millions of increases for various OEDIT programs. Overall decrease is due to ending of one-time federal funds

HCPF (page 42)

- \$15.95 billion all funds, 6.2 percent increase; \$4.97 billion GF; 834.7 FTE, 3.6 percent increase
- Increases of note include \$520.8 million all funds for HCPF's six main programs, \$5.6 million to reduce the IDD wait list, \$198.1 million for targeted provider rates and \$145.6 million for community provider rates, \$21.7 million for eligibility determinations. (See page 48 for some details on increases and decreases.
- Issues: As usual, too many to mention, but provider rates were the focus of major debate this session

Higher Education (page 50)

- \$6.23 billion all funds, 5.7 percent increase; \$1.66 billion GF; 27,503.5 FTE, 2.9 percent increase
- Increase of note was the \$139.4 million for institutions and financial aid. Resident tuition is assumed to rise no more than 3 percent and non-resident tuition by no more than 4 percent
- Issues: There were major differences on institutional funding between lawmakers and the Polis administration. The JBC wasn't able fully fund what institutional leaders said they needed just to cover rising costs, but the final amount is significantly more than the executive request. But JBC had to dig around to find money to do that.

Human Services (page 56)

- \$2.53 billion all funds, 3.7 percent increase; \$1.27 billion GF; 5,418 FTE, 1.4 percent increase
- Increases of note include \$68.2 million for contract staffing, \$18.6 million all funds for provider rates, \$16.9 million to support SNAP administration, \$9 million for county welfare staffing and \$1.7 million all funds for some 24/7 staff
- Issues: The cost of complying with the competency settlement and of meeting 24/7 staffing needs continue to be the main concerns about DHS

Judicial (page 62)

- \$1.09 billion all funds, 7.2 percent increase; \$835.9 million GF; 5,617.3 FTE, 4.7 percent increase
- Increases of note include \$10 million and 81 FTE for the public defenders' office, \$7.7 million all funds for Courts & Probation and another \$4.7 million GF and 52 FTE for Courts & Probation and \$4.8 million all

funds for COP payments on the Judicial Center. There were also varying increases for some independent agencies.

- Issues: Requests for significant staffing increases and the Judicial Center funding were the biggest issues this session.

Natural Resources (page 81)

- \$440.9 mill all funds, -13.8 percent decrease; \$45.1 GF; 1,730.3 FTE, 3.5 percent increase
- Increases of note include \$1.3 million from cash funds to hire 15.6 FTE for wildlife programs, \$1 million cash funds and 8.3 FTE for biodiversity efforts, plus other staffing increases for hatcheries, poaching, parks operations and other programs
- Issues: Requests for significant staffing increases always make JBC nervous, but it's usually less concerned about DNR because the agency is mostly cash funded

Public Health & Environment (page 90)

- \$863,088 all funds, 2.3 percent increase; \$142.9 GF; 1,867.6 FTE, 1.8 percent decrease
- Increases of note included \$16.6 million GF for public health infrastructure, \$5.9 million cash funds for air pollution control, \$2.8 million funds for health equity and environmental justice and \$2.7 million for the state health lab
- Issues: JBC had long debates about the magnitude of department requests and made some cuts

Public Safety (page 95)

- \$710.8 million all funds, -3.1 percent decrease; \$277.8 million GF; 2,355.6 FTE, 1.8 percent increase
- Increases of note included \$8.1 million total funds for the auto theft prevention initiative, \$1.2 million in community corrections adjustments, \$1.1 million and 6.4 FTE in forensic resources to reduce auto theft, funding to address State Patrol staffing shortages and continued funding for DNA samples retesting
- Issues: The department has significant requests, and there was a lot of JBC skepticism and then some committee reductions