

Overview of the 2022 Colorado Legislative Session For Colorado Contractors Coalition

Please find the official bill tracker here:

<https://statebillinfo.com/SBI/index.cfm?fuseaction=Dossiers2.View&id=30248>

House Republicans threw a last-minute scare at majority Democrats as the 2022 legislative session hurtled to a close. But GOP procedural slowdowns in the House on days 118 and 119 turned into general amity and mostly good feelings on the final, 120th day, and Democrats went home and into the election season knowing they had achieved much of their ambitious 2022 legislative agenda.

This year was the “Second Regular Session of the 73rd General Assembly,” as the official title goes, meaning the next time lawmakers convene it will be the 74th General Assembly, and there will be a slew of new lawmakers.

At least two-dozen of the 100 lawmakers are expected to be new because of term limits, redistricting, desire to run for higher office and a few people not running for re-election. Almost 10 representatives are running for Senate seats.

There will be big turnover on the current set of top leaders, with Speaker Alec Garnett of Denver, Senate President Pro Tempore Kerry Donovan of Vail and House Majority Leader Daneya Esgar, all Democrats, term limited. Republican Senate Minority Leader Chris Holbert of Parker also will be leaving, as will Sterling GOP Sen. Jerry Sonnenberg, the only current member who has served a full eight years in each chamber. Only one member of the Joint Budget Committee, GOP Rep. Kim Ransom of Douglas County, is term-limited.

The stories of four bills illustrate the dynamics of the session:

Fentanyl – Rising crime and death rates from fentanyl and other illegal drugs provided the legislature with a tricky issue to navigate. The fentanyl criminalization and harm reduction (HB 22-1326) bill wasn’t introduced until March 25 and went through long hours of testimony, many meetings and multiple amendments until it was finally resolved after 7 p.m. on the final night of the session. The final, again-amended version is complicated but basically sets the prosecution burden of proof for felony fentanyl possession higher than the House wanted but lower than the Senate proposed. There were Republicans and Democrats on both sides of the final vote.

Public employee collective bargaining – Top Democratic leaders – Senate President Steve Fenberg of Boulder and House Majority Leader Daneya Esgar of Pueblo - pushed this in solidarity with public employee union activists.

The bill (SB 22-230) started as a proposal to allow employees of all local governments and higher education institutions to unionize. Opposition and lobbying were fierce, and the bill draft went through several iterations – and trims – before it even was introduced. It surfaced on April 25 as a proposal to allow only county employees to unionize. The bill was a focus of Republican delaying tactics in the session’s final days, and it was trimmed further – small counties were exempted – before final passage on the session’s last day.

Regulation of nicotine products – This measure (HB 22-1064) highlighted a clash of progressive priorities and the power of the governor. This bill was introduced Jan. 14, very early in the session, as a

ban on flavored tobacco and vaping products, primarily as a way to discourage youth vaping. It was pushed strongly by a coalition of medical and health groups.

Such a ban was projected to drastically reduce state tobacco tax revenues – some of which are earmarked to pay for the state’s new universal preschool program. The bill went through various versions as exceptions to the ban were tacked on. A Senate committee killed the bill on the second-to-the-last day of the session.

Reproductive Health Equity Act - The progress of this bill (HB 22-1279) was the clearest example of pure Democratic priorities prevailing without any concessions to Republican concerns. The bill enshrines in state law a woman’s right to choose. It was introduced March 3 and signed into law April 4, well ahead of the leaked U.S. Supreme Court draft decision indicating a possible overturning of the Roe v. Wade decision.

Session highlights

HB 1218

One major update for a bill we were monitoring (HB 1218 Resource Efficiency Buildings Electric Vehicles) was vetoed by the Governor after session. He told legislators he wanted to see the bill come back next year in a better form. Find the veto letter attached here:

VETO LETTER

State finances are a major focus of any legislative session, regardless of which party holds the majority. There were four main money issues this session – the main state budget, school funding, use of federal American Rescue Plan Act (ARPA) pandemic relief money and state taxes.

The budget

Lawmakers had the luxury of budget surpluses this session, allowing for spending that might not be possible in leaner times. The total Fiscal Year (FY) 2022-23 budget includes \$37.73 billion from all fund sources for state operations, including \$13.72 billion in General Fund spending, up \$1.48 billion (12.1 percent) from 2021-22. There is a \$2.03 billion, 15 percent reserve.

Having additional state and federal money allowed lawmakers to allocate more money than usual to construction, renovation, and IT projects - \$637.5 million.

School funding

The revenue situation was strong enough that lawmakers flirted with the idea of eliminating the Budget Stabilization Factor, the mechanism that is used to adjust K-12 funding to keep the overall state budget balanced every year. In the end the annual school finance act, HB 22-1390, reduced the Budget Stabilization Factor to \$321.2 million. Beyond that, it sets next year’s Total Program Funding at \$8.42 billion, or an average of \$9,559 per student, pumps an extra \$300 million into the State Education Fund as a cushion for K-12 funding increases in future years, increases mill levy override funding for Charter School Institute schools and expands the fifth-year ASCENT program for high school seniors who take college classes.

A separate measure, SB 22-127, increases state funding for special education students by \$80 million.

ARPA spending

The 2021 legislative session put \$2.64 billion in federal ARPA money into five special funds for spending by lawmakers in 2022. Recommendations for use of four of the funds were made by task forces that met

in the summer and autumn of 2021. More than three-dozen bills concerning use of the ARPA money were passed.

In the end, about \$1.4 billion was spent on a variety of purposes, the largest being capital construction, a \$600 million buy-down of the state's unemployment insurance debt to the federal government and funding for a variety of measures to reduce homelessness.

Another \$444 million was spent on behavioral health programs, including expansion of the Fort Logan mental health hospital; \$400 million for loans and grants to encourage affordable housing development, and \$95 million for workforce development programs, mostly through the higher education system.

Taxes

State revenues have been so strong that tax refunds have been triggered by the constitutional Taxpayer's Bill of Rights, which sets limits on annual growth in the state spending. Normally refunds are paid the year after excess revenues are collected. And in the recent past refunds have been made through low-profile methods such as temporary tax rate reductions. But under SB 22-233, refunds of at least \$500 for individual tax filers and at least \$1,000 for joint filers will be paid directly to any person (who files for Colorado state taxes) in August or September.

Lawmakers also responded to rising property taxes – and the threat of tax-cutting ballot measures in November, with SB 22-238, a deal brokered by Polis that temporarily will reduce property taxes by \$700 million.

And the legislature approved a variety of suspensions in various taxes and fees, like the licensing fees some professionals pay. One of those bills postponed a new 2-cent-per-gallon gas fee until April 2023 from July. The \$600 million unemployment insurance payoff also is a form of tax relief because that money otherwise would have to be provided by increased assessments on businesses.

The 657 bills introduced during the 2022 session covered a wide range of issues. Here's a brief rundown on legislation that passed in key areas. Bear in mind that most bills are amended after introduction – some significantly and some late in the session. Be sure to check the wording of final versions on your bill tracking service.

Behavioral health

A major behavioral health program bill approved by lawmakers is HB 22-1278, a massive measure intended to create a Behavioral Health Administration within the Department of Human Services. The new agency, originally recommended by a Polis administration task force, is supposed to centralize state behavioral health offices and reform a system that's exhibited serious deficiencies in recent years. Other bills passed in this area include the behavioral health crisis response system (HB 22-1214), changes to involuntary commitment law (HB 22-1256), and pretrial diversion for persons with behavioral health issues that is intended to divert them from the criminal justice system into community treatment programs (SB 22-010). The Behavioral Healthcare Workforce bill (SB 22-181) invests \$72 million to address workforce shortages and burnout by improving recruiting and retention, promoting internships, expanding funding for loan repayment, increasing peer support specialists, and increasing workforce development programs. The Community Gap Grant Program, (HB 22-1281) provides grants for local governments and nonprofit organizations to implement community-based programs and services to fill regional gaps in the continuum of care so that families across Colorado can find behavioral health care closer to their homes.

Education & early childhood

In addition to bolstering school funding, legislators passed several notable education measures including ones that restart the state school rating accountability system (SB 22-137), update the educator evaluation system (SB's 22-069 and 070) and provide \$52.8 million in stipends for teacher training and

other measures to support the educator workforce. Other measures include a proposal to voters to fund universal free school meals (HB 22-1414) and a grant program to detect and filter lead in school water systems (HB 22-1358).

A significant step was taken in early childhood with passage of HB 22-1295, a massive and somewhat controversial bill to set up the Department of Early Childhood, which will run the state's new universal preschool program.

Environment

Lawmakers approved measures to strengthen regulation of toxic air pollution (HB 22-1244), improve recycling programs and participation (HB 22-1159) reduce greenhouse gas emissions from buildings (HB 22-1362), regulate oil and gas drilling liquids (HB 22-1348) and reduce ozone pollution (SB 22-180). The FY 2022-23 budget also includes significant increases for the air pollution control division in the Department of Public Health and Environment.

Of potential interest to property owners is HB 22-1151, which will launch a program to encourage replacement of lawns with landscaping that uses less water. Legislators also approved measures on wildfire prevention, mitigation and control – HBs 22-1007, 1011, 1012 and 1132. But they couldn't agree on the issue of statewide building fire-safety requirements.

Housing

Housing programs were a key component of the 2022 session and included \$178 million in funding for State Grants Investments Local Affordable Housing (HB 22-1304) that provides grants to local governments and nonprofits to buy land and develop affordable housing in communities disproportionately affected by COVID-19. Another bill creates a flexible grant program administered by the Department of Local Affairs to assist persons who may be experiencing homelessness (HB 22-1377). It directs \$105 million in flexible grant funding to local governments and nonprofits that pursue programs providing wraparound supportive services, emergency shelters, transitional housing, permanent supportive housing, and property conversion to persons facing homelessness. The Middle Income Housing Access Program Expansion bill (SB 22-146), allocates \$25 million to the Colorado Housing and Finance Authority to assist middle-income persons who make too much money to qualify for low income housing to access affordable housing in their communities. The Revolving Loan Fund Invest Affordable Housing bill, (SB 22-159) creates a \$150 million revolving loan program to finance affordable workforce housing, senior housing, and housing designed for persons living with disabilities.