



## **2021 End of Session Report Prepared for the Colorado Contractors Coalition**

Majority Democrats pursued a broad progressive agenda during the 2021 legislative session and they achieved many of their goals. As the session convened, the same pandemic cloud that shadowed the 2020 session was still hanging over the Capitol. Lawmakers seemed focused on COVID-19 relief legislation and on staying safe. They even went home for a month after briefly convening in mid-January.

But by the time June rolled around the pandemic seemed to be in the rear view mirror. The clear plastic sneeze guards in the chambers came down in late May.

The 2021 session will be remembered less for the pandemic and more for massive spending and long slate of progressive Democratic bills that were passed.

On the budget side \$3 billion in somewhat unexpected excess state revenues allowed lawmakers to restore 2020 budget cuts, spend nearly \$1 billion on pandemic relief and stimulus and sock away an historically large reserve against future lean years.

On the policy side, majority Democrats pushed through major legislation on transportation funding, health care and firearms safety, plus consumer protection, criminal justice, early childhood care and education, elections, environmental protection and climate change, and social equity and economic security.

Two big factors were behind the accomplishments of the 2021 session. First, the windfall of extra state revenues and federal stimulus cash gave lawmakers spending flexibility that they haven't had in years. Second, while the pandemic weakened Democrats' ability to implement their agenda last year, in 2021 they felt able to push ahead.

### **Budget restoration & stimulus**

Lawmakers worked on three budgets this session – a main state 2021-22 budget that restored last year's cut, an \$800 million package of state pandemic relief and stimulus bills and \$3.8 million in federal COVID-19 aid, some of which was spent and most of which was saved for the future.

Two things helped make it possible for the Colorado General Assembly to engineer the dramatic budget recovery. First, fearing the pandemic would shrink state revenues, the 2020 legislative session trimmed back plans for the 2020-21 budget, setting it 4 percent below the \$33 billion allocated for 2019-20.

Second, it turned out later that COVID-19 didn't reduce revenue in 2019-20. Just before the 2021 session convened in January, lawmakers learned they had about \$3 billion in "extra" funds to spend or save in 2021-22.

That allowed lawmakers this year to restore cuts in the state budget – primarily a combined \$1 billion reduction in K-12 and higher education funding – plus give state employees a raise and increase payment rates to health-care and other agencies that provide services to clients on behalf of state agencies. Next year's budget is more than \$34.5 billion, including state tax revenues, federal funds and cash revenues such as college tuition payments.

This year's legislature also increased the state reserve to an unprecedented \$1.7 billion, more than 13 percent, and set aside about \$800 million for state-funded pandemic relief programs and economic stimulus.

That state-funded stimulus package includes nearly 40 bills that provide funds for the state water plan, workforce development, business startup loans, broadband development, clean energy initiatives, early childhood programs, rural economic development, affordable housing and wildfire mitigation and suppression. There's also a \$124 million transfer to the state highway fund. Of the \$3.8 billion in federal funds, lawmakers spent about \$350 million of that – plus \$380 million for transportation, but the rest was saved for future legislatures to allocate, given that state have until 2024 to spend the federal stimulus money.

### **The big policy issues**

Transportation funding was billed as the breakthrough issue of the session, promising to end to the years of tinkering and stopgap funding that had frustrated citizens, lawmakers of both parties and business groups.

The solution was SB 260, a complicated package of fees and TABOR-exempt enterprises designed to raise more than \$5 billion over a decade to fund not just highway improvements but also electric vehicles, mass transit and encourage reduction of greenhouse gases. Most Republicans opposed the bill, arguing that it skirted constitutional spending restrictions and should have just funded roads.

Lawmakers also created a Front Range rail district (SB 028), tasked with promoting passenger rail service from Fort Collins to Pueblo, and passed HB 1186, which gives the financially troubled Regional Transportation District more flexibility in its operations.

But the 2021 session did substantive work on much more than transportation. While there was much significant legislation, majority Democrats didn't get key measures through without lots of compromises on plenty of bills, and many proposals turned out to be less sweeping than originally introduced.

And as always, there was a lot more bipartisan work and legislation than people outside the Capitol sometimes think. Despite intense debates, sporadic delaying tactics and some important ideological differences, the legislative session displayed a level of cooperation and respect not often seen elsewhere in American political life.

### **Consumer protection and economic fairness**

Lawmakers passed about a dozen bills in this area, including restrictions on insurance company use of external consumer data that could be discriminatory (SB 169), increased regulation of mortgage servicers (HB 1282) and a bill to give greater control over their personal data online (SB 190).

Some consumer bills touched on more mundane – but not unimportant – concerns. Those included limitations on pet store sales of dogs and cats (HB 1102), requiring certain businesses to accept cash (HB 1048), continue allowing liquor takeout and delivery (HB 1027), a ban on meal delivery services delivering food from restaurants without express permission (SB 035), limiting the ability of homeowners' associations to censor residents' flying of flags (HB 1310) and even HB 1239, creating a limited right to cancel contracts with dating services.

### **Environment**

Environmental protection and action on climate change were big priorities for Democrats this session. That priority was baked in larger bills like the transportation measure and also expressed in several individual bills.

The biggest environmental bill of the session came together very late after Gov. Jared Polis and legislative Democrats patched up differences over proposed limitations on greenhouse gas emissions and the role of the state air quality commission originally contained in SB 200.

In the session's closing hours a softened version of those provisions – still dozens of pages long - were amended in HB 21-1266, a measure originally intended to provide better monitoring of pollution in disadvantaged communities.

Republicans complained about being asked to approve a substantive amendment at the very last minute, but in the end the bill passed, allowing the House to adjourn for the year.

On the consumer front, HB 1162 will phase out single-use plastic bags and certain food containers. Other measures include a requirement to track the energy performance of large buildings (HB 1286), a plan to encourage utilities to develop innovative energy technologies (HB 1324) and a proposal to limit use of construction materials in public projects that contribute to climate change (HB 1303)

There also was a package of bills passed intended to encourage and empower the Public Utilities Commission to regulate and push utilities into more environmentally friendly policies. Those bills include HBs 1238 and 1289 and SBs 072, 246, 261 and 272.

## **Health and insurance**

The so-called public option or state option health insurance plan drew a lot of attention before the session started, partly because this high-profile effort was abandoned by Democrats during the COVID-disrupted 2020 session.

The original proposal (HB 1232) was for a state-run insurance program that would reduce premiums for some people on the individual market, particularly in some Western Slope counties. Ferocious opposition by the hospital and insurance industries, including a heavy negative advertising campaign, created headwinds for the bill. It got amended down to a state-regulated but privately run insurance plan. The plan would affect a fairly small number of Colorado residents.

Other health-related bills that passed included a requirement that insurance companies cover annual mental health evaluations, (HB 1068), expanded insurance coverage of alternative pain treatments (HB 1276), establishment of a state board to review affordability of prescription drugs (SB 175), significant expansion of the Department of Public Health and Environment's public health programs (SB 243), additional state controls on the price of insulin (HB 1307), regulation of pharmacy benefit managers (HB 1297), insurance coverage for telemedicine (HB 1190), a suicide prevention bill (HB 1119) and expansion of the kinds of prescriptions that have to be reported to the state prescription drug monitoring database (HB 1012).

## **Housing**

Colorado's rising housing costs prompted several bills, most of which are intended to protect renters. Those include new rules for reporting tenants' rent payment history to credit agencies (HB 1134), greater protections for renters on late fees and evictions (SB 173), additional tenant rights legislation (HBs 1150 and 1121), expanded local government authority to require affordable housing (HB 1117) and the removal of residency requirements to obtain housing benefits (SB 054).

A number of the pandemic stimulus bills also included funding for affordable housing programs.