



## **Economic Development Council of Colorado 2022 Legislative Session Summary**

The 2022 General Assembly adjourned on May 11, 2022. The Democrats held the “trifecta” of control, with Governor Polis and majorities in the Senate (20-15) and House (41-24). There was a total of 716 bills introduced this session and roughly half of them passed the full process. The looming 2022 election and national sentiment against Democrats did dictate what bills were introduced and which passed. Nonetheless, we saw many messaging bills around voting rights, abortion, and guns.

A common theme of the session was either allocating money or “saving people money” per the majority party messaging. One task for the legislature was distributing the near \$2 billion in one-time federal stimulus dollars for various programs, individuals, and entities experiencing hardship from the pandemic. After three interim committees met last fall to discuss allocating the dollars in three broad buckets of housing, behavioral health, and economic recovery, the legislature created grant programs for air quality, workforce development, childcare, nonprofits, senior services, agriculture and water projects, geothermal energy, wildfire prevention, and community revitalization among other issues. This session was unique with having one-time federal dollars and increased state revenues to spend – it led to the creation of many new programs and forced the majority party to prioritize issues.

### **Major Policy Bills**

Leadership wanted to avoid unnecessary fights. A number of major policy issues were dialed back or turned into studies.

- Collective Bargaining – [SB 22-230](#). This bill had been contemplated for two years. When finally introduced, it applied only to counties – not cities or institutions of higher education. After hours of debate, this bill passed on a completely partisan vote – 20-15, and 41-24. In a last-minute compromise to pass the bill, counties with a population below 7,500 were exempt.
- Fentanyl Criminalization – [HB 22-1326](#). In response to the state’s epidemic, Speaker Garnett introduced a bipartisan measure designed to both increase penalties for fentanyl dealers and to provide more access to treatment. This was a very emotional debate, with

law enforcement, family members of individuals who had died, and treatment advocates all telling compelling stories.

- Unemployment Insurance Trust Fund – [SB 22-234](#). With the uptick in unemployment claims, the state had to borrow money that led to a \$1 billion deficit in the UI Trust Fund. Wanting to ease the burden on employers to backfill the Fund, the Governor, legislative leadership, and the business community agreed to a \$600 million allocation to the Fund.
- TABOR Refunds – [SB 22-233](#). Colorado is subject to a revenue limit, and this year the state is anticipated to exceed its revenue limit by approximately \$2.0 billion, resulting in TABOR refunds made through the Senior and Disabled Veteran Homestead Exemption, a temporary income tax reduction, and a sales tax credit. This bill created a fourth mechanism that will refund every taxpayer \$400 - you can expect your check this Fall!
- Property Tax Reductions – [SB 22-238](#). In order to negotiate the withdrawal of proposed property tax initiatives from the ballot this November, the legislature passed SB 22-238 to temporarily reduce residential and nonresidential assessment rates for 2023.
- Homeless Initiatives – Governor Polis offered a variety of initiatives to help address homelessness: [HB 22-1377](#) establishes a \$100 million grant program for local governments and [SB 22-211](#) repurposes the Ridge View campus in Arapahoe County to serve homeless individuals. In addition, [HB 22-1083](#) expands a current tax credit for non-profits that provide services from enterprise zones to statewide.
- Creation of the Department of Early Childhood – [HB 22-1295](#). This bill creates the 20<sup>th</sup> State Department – focusing on implementing the state’s new free preschool program that was authorized by the voters through the 2020 tax on tobacco and nicotine products. The creation of the new department also transitions certain child and youth services from DHS. The new department will go live in July of this year, with the executive director having sole authority to oversee all the programs for the first two years.
- Flavored Vaping Ban – [HB 22-1064](#). This was the most lobbied bill of the session, according to some accounts. Public health advocates, K-12 leaders, families of addicted children testified in favor, while a strong group of convenience stores, tobacco sellers, and other businesses testified against the bill. Ultimately it died in the second chamber.
- Restricting Incarceration of Juveniles – [HB 22-1131](#). Criminal justice reform advocates introduced this bill early in the session to ban the incarceration of 10–12 year-olds citing data that it is harmful to youth. With the bill not offering alternative services and

programs for these juveniles, county human services departments and district attorney offices were successful in transforming the bill into a study.

### **Summary of Budget**

Colorado's budget for FY 2022-23 reflects strong General Fund collections. The state's economy and tax collections have increased sufficiently to provide an overall increase of 12 percent in the General Fund. This allowed the state to make the following priority investments:

1. A "buy down" of \$182 million of the K-12 budget stabilization factor, resulting in an average increase of 5.39 percent in district total program budgets.
2. A 10 percent increase for institutions of higher education, along with a 2 percent cap on tuition increases for resident students.
3. A 3 percent increase in state employee raises.
4. Significant new staff and \$15.3 million in funding for public safety and law enforcement.
5. Over \$40 million for air quality programs.
6. A \$58.5 million increase in funding for individuals with intellectual and development disabilities.

The state will now have a 15 percent General Fund reserve.

### **2022 Ballot Measures**

As 2022 is an even numbered year, any issue can be on the ballot, in contrast with "off year" elections which are limited to fiscal issues. At this point, a proposed income tax cut (lowering the flat tax rate from 4.55 percent to 4.41 percent) is certified to be on the ballot. Other measures are approved for signature collection: legalization of mushrooms, abortion restrictions, money for K-12 education, campaign expenditure limits, and dental procedures. We will know the final measures certified for the ballot by mid-August.

One referred measure from the legislature ([HB 22-1414](#)) would expand the state's school lunch program to include all students free of charge. This would be paid for by limiting tax deductions for individuals making more than \$300,000.

### **2022 Elections**

National issues (international uncertainty, inflation, Washington gridlock) have many Democratic legislators in Colorado uneasy about the fall election. All eyes will be on the Senate to see if party control flips. Term limits, retirements, and redistricting will force the departure of many legislators. We have a handful of legislators who will be running for a different chamber, local office, or congressional seats. In all, 2023 will bring 20-30 new legislators to the Capitol.

## Issues of Interest for Economic Development Council of Colorado

The 2022 session was another big year for EDCC issues as we expected. We tracked various bills, but spent most of our time on three priorities: EDO funding, business regulations, and tax reform. Other issues we followed included workforce development, affordable housing, transportation, oil and gas regulations, and environmental regulations.

Our priority for the session was to secure EDO funding again. We pushed for a permanent line item within OEDIT's budget at an increased amount of \$2.5 million. Because we did not have data to prove the validity and success of the program, nor OEDIT's full support, our request was cut back to \$1 million for one additional year ([HB 22-1329](#), OEDIT budget, page 59). Nonetheless, this was a big win for us this year!

Affordable housing was a hot topic as multiple bills were introduced from the Affordable Housing Task Force that met in the interim. We supported all of those efforts –

1. [HB 22-1051](#) extends and expands the affordable housing tax credit administered by CHFA.
2. [HB 22-1282](#) creates the Innovative Housing Incentive Program within OEDIT to incentivize developers to build and develop innovative housing options such as modular, tiny, and prefabricated homes.
3. [HB 22-1304](#) provides grants to local governments for developing housing infrastructure, providing gap financing, and land banking.
4. [SB 22-146](#) increases funding to CHFA's middle income access program which targets individuals whose income is too high to qualify for affordable housing projects, but whose income is too low for the current housing market. We testified in support of this bill.
5. [SB 22-159](#) creates a revolving loan fund for local governments to borrow low interest loans for affordable housing projects.

In the beginning of the session, a common theme of bills introduced was placing mandates on businesses. [HB 22-1138](#) would require businesses with 100 or more employees to conduct clean commuting surveys and plans for employees, and [HB 22-1152](#) would prohibit an employer from taking an adverse action against an employee for taking medical marijuana while on the job. We opposed both, and they failed to pass. However, there were other restrictive bills that we opposed that did make it through the process. The first was [HB 22-1244](#) which creates a new program within CDPHE to regulate toxic air contaminants and will place reporting requirements on industrial and manufacturing businesses. The second was [HB 22-1355](#) which will require producers (businesses) of certain materials to pay "dues" to a state-sanctioned non-profit to promote recycling. This will shift the burden of recycling programs from local governments to producers thereby increasing the cost of doing business. Both of these bills were cut back, but concerns still remain.

We also saw a flood of bills that created grant or incentive programs to help certain sectors and industries, and they all passed. First, [HB 22-1350](#) will provide grants to develop talent initiatives for education pathways and workforce development needs in regions of the state. Second, [HB 22-1356](#) will provide grants to small community-based nonprofits (including EDOs) that have been impacted by COVID-19. Grant dollars can be used for infrastructure and capacity building purposes. Third, [HB 22-1408](#) will allocate additional dollars to the Office of Film, Television, and Media to attract filmmakers to the state. And finally, [HB 22-1409](#) provides grants to create or revitalize mixed-use commercial centers. We supported all of these bills after ensuring they would work with current programs and services that already exist.

One issue we did not see this session was an effort to bring back the POWR Act to address workplace harassment issues - a bill we opposed last session. This was a victory for the business community as increased litigation and claims would be inevitable.

Overall, it was a successful session for the EDCC. We saw many bill that will support our industries, housing, and workforce development needs. Plus, we have more funding to help our EDOs, who are the backbone of economic development, around the state. We tracked over 60 bills and took positions on over 20 bills – it was a busy session! Here is a full list of bills tracked – [EDCC Bill Report](#).