



Nexus Weekly Legislative Report
January 19, 2018

The second week of the legislative session began with the annual Monday observance of the Martin Luther King Jr. holiday, which shortened the week to four days, most of which was occupied by delivery of annual reports by the executive branch agencies to the legislative committees of reference. In the meantime, both chambers continue to craft what they want to focus on for the legislative session.

Transportation funding is one of the issue areas that Democrats and Republicans agree needs to be addressed this session. The inadequacy of the infrastructure to deal with the state's growing population and the time wasted in traffic concern the public—both rural and urban. The sticking point is revenue: Republicans believe that a reordering of budget priorities can fix the problem while Democrats want new revenues from an increase in fees or taxes. The debate is more meaningful this year than in recent sessions because there is substantial uncommitted new money available from the passage of SB17-267 last year which raised the TABOR spending cap freeing up several hundred million dollars. Furthermore, federal income tax reform will increase state revenues by \$4 billion to \$6 billion over the next decade, according to estimates by Office of State Planning and Budgeting, Legislative Council Staff and the Department of Revenue. This bolsters Republican arguments that no tax increase is needed.

The Republicans have brought forth SB18-001, by Senators Cooke and Baumgardner and Representatives Buck and Carver, which would bring a ballot question to the state's November general election to increase transportation funding. The ballot initiative would give CDOT authority to issue bonds for up to \$3.5 billion. If the ballot question is approved, these bonds will be repaid for the next 20 years partially by a portion of the state's sales and use tax net revenue.

The uncommitted new money available from the passage of SB17-267 has also been seen by Democrats in the Senate and House to be a potential solution for the state's education and healthcare needs. However, some in the legislature feel that additional dollars won't solve the underlying issues. For example, in regard to K12 education funding, the Gallagher Amendment and unequal mill levies throughout the state have shifted the burden from local tax dollars to state dollars funding our schools. Furthermore, a lot of our money funds Medicaid, with enrollment trending upward, which has strained funding for other needs such as transportation and education. It is unclear if the legislature has the ability to solve these issues this session, or if they will instead fight for the additional money.