Nexuspolicygroup, inc.

Shaping public opinion. Moving public policy.

Nexus Weekly Legislative Report
March 23, 2018

The Colorado General Assembly met for the 11th week of the 2018 legislative session. The legislature had another busy week as they finalized the Long Appropriations Bill and worked to come to a compromise on transportation funding and PERA reform.

The March Revenue Forecasts were presented to the Joint Budget Committee on Monday afternoon by Legislative Council Staff and the Office of State Planning and Budgeting. This forecast is important because it sets the numbers that the Joint Budget Committee will use to finalize the FY18-19 budget for the entire state, known as the Long Bill. The forecasts projected an increase in General Fund revenue for the state due to more income tax collections, resulting in $500M more to spend than projected in the December forecast. Overall, the FY18-19 budget has $1.29B more revenue than last year. Republicans want to spend the extra revenue on transportation infrastructure funding, which currently has a $9B long term funding shortfall. Democrats want the money to be split between transportation and education. The Governor sent a letter to the JBC and advocated a one-time allocation of $500M to transportation and $200M to education.

After reviewing the forecasts, The Joint Budget Committee finalized their Long Bill for FY 2018-19 this week. They decided to set the Long Bill to the OSPB revenue forecast, which was very similar to LCS, except the OSPB forecast did not predict a TABOR refund to taxpayers. The committee set aside $500M for transportation, as requested by Governor Hickenlooper. They allocated $100M to school districts to reduce what the legislature calls the "budget stabilization factor," which is a term describing the amount owed to school districts that the state hasn't been able to afford outlined in The School Finance Act. The committee also set aside $225M to pay for the employers share of the unfunded liability of PERA, as SB18-200 is still making its way through the Senate.

Last week two special committees created by the Speaker of the House, Representative Duran and the President of the Senate, Senator Grantham, convened for the first time to tackle energy related issues in the state. The House committee is more focused on climate change and the responsibility of the state to delay these changes, whereas the Senate committee is looking at energy-business related issues, such as the uncertain future of Severance Tax and the impact that would have on rural communities. Last year, Governor Hickenlooper issued an executive order which entered Colorado in the United States Climate Alliance. The executive order set many goals for the state, such as to reduce statewide greenhouse gas emissions by more than 26% from 2005 levels by 2025. Many bills have been introduced this year by the Democratic party to place the goals of the executive order in statute. These bills had their first hearing this week.

HB18-1274—Reduce Greenhouse Gas Emissions by 2050—by Reps. Bridges and Becker & HB18-1297—Climate Change Preparedness and Resiliency—by Reps. Winter and Pettersen were heard in the House Transportation and Energy committee on Wednesday afternoon. HB 1274 put the goals of Governor Hickenlooper's executive order into statute in it's legislative declaration. HB 1297 also sets greenhouse gas emissions goals and directs the Colorado Resiliency and Recovery Office to collect data on the economic and environmental impacts of not addressing climate change in the state. These bills passed on a party line vote of 8-5. Their fate is uncertain in the Republican-held Senate.

HB18-1009—Diabetes Drug Pricing Transparency Act of 2018—by Representative Roberts, passed on a party line vote on Thursday afternoon in the House Health Insurance and Environment committee. After being amended in the committee, the bill would require pharmaceutical manufacturers, pharmacy-benefit managers and health insurance companies to disclose the cost of insulin through the entire supply chain. The cost of diabetic insulin has increased dramatically in the past 20 years. Diabetic insulin is used everyday by Type 1 diabetics to control their glucose levels. If Type 1 diabetics don't have access to insulin—or take too much—it can be extremely fatal. There are three pharmaceutical manufacturers of insulin, which have increased the price of the drug at seemingly the same time. Committee discussion during the bill hearing was mostly around how drug prices are established. Pharmacy benefit managers and health insurance companies argued that they shouldn't be subject to the disclosure requirements of the bill. PBMs argue the bill would limit their ability to force down prices from manufacturers.

Next week, the FY 2018-19 Long Appropriations Bill will make its way through the House. At this point, it is unclear what changes will be made to the bill. House Democrats have been arguing with the Joint Budget Committee about Department of Corrections funding, as they seek alternatives supporting restorative justice, therefore Corrections will most likely take a large chunk of the debate. There are always amendments to support more funding for K12 education. Given that there is more money to play around with this year compared to others, the debates could go any direction.