

FINAL 2011 CACI GOVERNMENT AFFAIRS COUNCIL AGENDA

Priority Governmental Affairs Bills

SB 68 by Carroll, Solano SB 72 by Carroll, Levy

HB 1238 by Duran, no Senate sponsor

HB 1106 by Gardner, B. SB 168 by Aguilar, Kefalas

Energy & Environment Council Bills

HB 1125 by Fischer

HB 1132 by Lee

HB 1228 by Solano, Schwartz

SB 32 by Johnston

SB 45 by Johnston, Levy

SB 130 by Johnston, Kerr A.

SB 131 by Williams S, Solano

SB 235 by Giron, Pace

HealthCare Council Bills

HB 1025 by Joshi, Lundberg

HB 1143 by Duran, Aguilar

HB 1144 by Solano, Tochtrop

HB 1245 by Kefalas, Aguilar

SB 168 by Aguilar, Kefalas

SB 196 by Boyd, Summers

SB 200 by Boyd, Stephens

SB 205 by Tochtrop, Miklosi

Labor & Employment Council Bills

HB 1070 by Soper, Tochtrop

HB 1106 by Gardner, B.

HB 1127 by Kagan, Carroll

HB 1129 by Pabon, Lee

HB 1225 by Pabon

HB 1238 by Duran, no Senate sponsor

HB 1288 by Liston, Morse

SB 68 by Carroll, Solano

SB 72 by Carroll, Levy

SB 185 by Johnston, Duran

Tax Council Bills

HB 1005 by Sonnenberg, Brophy

HB 1109 by Liston, Giron

HB 1141 by Holbert, Scheffel

HB 1154 by Hamner, Morse

HB 1162 by Balmer

HB 1265 by Stephens, Johnston

HB 1293 by Stephens, Murray

HB 1318 by Stephens, Newell & Jahn

SB 26 by Scheffel

SB 73 by Mitchell, No Senate Sponsor

SB 86 by Foster, Murray

SB 89 by Jahn

SB 116 by Mitchell, Kerr

SB 118 by Scheffel

SB 223 by Hodge, Gerou

Bill Name/Description

Consumer Protection Act

Civil Remedies

Jobs Quality Act

Recover Actual Damages Health Care Cooperative

Bill Name/Description

Oil & Gas Sev Point of Taxation

On-Bill Energy Project Financing Eco Devo Through Distributed Gen

On-Bill Financing

Transmission Line Siting

Transparency Bldg Energy Perf

Colorado Smart Grid

3rd Party Air Quality Monitors

Bill Name/Description

Repeal Hospital Provider Fee Off Label Use of Prescription Drugs

Fetal Alcohol Spectrum Disorder

Patient Centered Medical Homes

Health Care Cooperative

Ephedrine Classification

Health Benefit Exchange

APN Status

Bill Name/Description

Prevailing Wages

Recover Actual Damages

Use of Consumer Credit **Procurement Preferences**

Security Breach

Jobs Quality Act

UI Trust Fund Reform

Consumer Protection Act

Civil Remedies

Vendor Outsourcing

Bill Name/Description

Reinstatement of Agric Exemption Local Sales Tax Exempt/Telecomm

Exempts BPPT for 2 years

Community Designations

Reinstates Soft Drink Exemption

Sales & Use Tax Refunds

Software Taxation

Out-of-State Sales

Exempts percentage of BPPT

Reinstatement of Tax Exemptions

Local Appeals Disputes

Private Letter Rulings

Business Impact Statements

Additional Rule Review Process

Vendor Allowance

Council Position

Oppose/Dead

Oppose/Dead

Oppose/Dead

Support/Dead

Oppose/Dead

Council Position

Oppose/Dead

Oppose/Dead

Oppose/Dead

Oppose/Dead

Amended/Passed

Oppose/Dead

Oppose/Dead

Support/Sent to Gov

Council Position

Oppose/Dead Oppose/Dead

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Council Position

Oppose/Dead

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Council Position

Support/Sent to Gov

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Energy & Environment Council

HB 1125 - Oil & Gas Severance Point of Taxation (Sponsor: Rep. Fischer)

CACI Position: Oppose

Bill Status: Died in House Agriculture & Natural Resources Committee on 2/7/11

➤ HB 1125 would have changed the point of taxation for the state severance tax on oil and natural gas production from "interest owners" to the operators of oil and natural gas wells. CACI opposed the bill based on strong concerns that the issue was far too complex and involved far too many stakeholders for it to be addressed in this bill.

HB 1132 - On-Bill Energy Project Financing (Sponsor: Rep. Lee)

CACI Position: Oppose

Bill Status: Died in House Transportation Committee on 3/9/11

➤ HB 1132 would have allowed for on-bill financing of energy efficiency improvements to real property, and would have required a public entity to perform a related energy audit.

HB 1228 - Economic Development Through Distributed Generation (Sponsors: Rep. Solano and Sen. Schwartz)

CACI Position: Oppose

Bill Status: Died in House Agriculture & Natural Resources Committee on 2/23/11

➤ HB 1132 would have directed the Office of Economic Development to commission a study of the potential benefits of building upon the state's existing renewable energy portfolio standard through the adoption of additional incentives to increase the amount of distributed generation included in a utilities' portfolios. The study clearly held a pre-determined outcome: to implement feed-in-tariff in Colorado. CACI testified in opposition to the HB 1228.

SB 32 - On-Bill Financing Program for Energy Cost Savings (Sponsor: Sen. Johnston)

CACI Position: Oppose

Bill Status: Died on House Second Reading on 5/9/11

SB 32 would have directed the PUC to establish an on-bill clean energy improvement financing program, in which a retail customer of a PUC-regulated public utility that sells electricity or natural gas may enter into an on-bill financing arrangement with the public utility. The public utility would finance the costs of completing a clean energy improvement to the customer's real property and the customer would agree to repay the costs by paying a temporary surcharge or a temporary increased rate for electricity or natural gas, as applicable, on the customer's utility bill. CACI testified in opposition to SB 32.

SB 45 - Transmission Line Siting (Sponsors: Sen. Johnston & Rep. Levy)

CACI Position: Opposed as Introduced. Bill was Amended

Bill Status: Awaiting governor's signature.

As introduced, SB 45 would have created a new siting commission which, along with the PUC, would provide siting authority if an electric utility's proposed electric transmission facility was specifically listed in a current statewide electric transmission plan. Under current law, siting authority for an electric transmission facility must be obtained from each county and municipality in which the facility is located. CACI worked with members and the sponsor to amend the bill to be a study of the issue of transmission siting.

SB 130 - Transparency in Building Energy Performance (Sponsors: Sen. Johnston & Rep. A. Kerr)

CACI Position: Oppose

Bill Status: Died in Senate Agric., Natural Resources & Energy Committee on 5/9/11

➤ SB 130 would have required all utilities with at least 40,000 customers to maintain energy consumption data for all commercial building served by the utility. A commercial building's owner and the utility would have been required to upload the energy consumption data to the EPA for the purpose of generating an energy performance rating, and owners or agents of a building would have been required to disclose the building's energy performance rating to purchasers or lessees.

SB 131 - Colorado Smart Grid (Sponsors: Sen. Williams & Rep. Solano)

CACI Position: Oppose

Bill Status: Died in Senate Agric., Natural Resources and Energy Committee on 3/17/11

SB 131 would have implemented four recommendations from the Smart Grid Task Force, a study that was commissioned by SB 10-180. The bill would have directed the Governor's Energy Office to establish an independent clearinghouse of information for consumers to supplement the information provided by utilities through their existing demand-side management programs. It also would have created a Smart Grid Division within the Office of Economic Development, with a smart grid cash fund to finance those operations. Finally, the bill would have authorized and directed the Colorado Public Utilities Commission to establish standards, classifications, and practices related to consumer protection, grid reliability and security, and the integration of distributed energy resources in connection with the smart grid. CACI testified in opposition to SB 131.

SB 235 - Third Party Air Quality Modelers (Sponsors: Sen. Giron & Reps. Pace & Swerdfeger)

CACI Position: Support

Bill Status: Awaiting Signature by Governor

➤ SB 235 creates a process to expedite air permitting in the Colorado Department of Public Health and Environment (CDPHE). In order to address a backlog of permit applications, the Air Pollution Control Division will prequalify and retain several private-sector modeling contractors, who will establish emissions for most air permit applications if the applicants elect to utilize and pay for the contractor's cost. CACI testified in support of SB 235.

Health Care Council

HB 1025 - Repeal Hospital Provider Fee (Sponsors: Sen. Lundberg & Rep. Joshi)

CACI position: Oppose

Bill Status: Died in House Health & Environment Committee on 2/22/2011

- This bill would have repealed the hospital provider fee established by the Colorado Health Care Affordability Act of 2009, which authorized the Department of Health Care Policy and Financing to assess a hospital provider fee. The fee is intended to generate additional federal Medicaid matching funds to expand health care access, improve the quality of care for clients serviced by public health insurance programs, increase funding for hospital care for Medicaid and uninsured clients, and reduce cost-shifting to private payers.
- ➤ In 2009, CACI supported the creation of the hospital provider fee, so CACI opposed HB 1025 which would have repealed those efforts. The bill was postponed indefinitely in the House State, Veterans & Military Affairs Committee.

HB 1143 - Off-Label Use of Prescription Drugs (Sen. Aguilar & Rep. Duran)

CACI position: Oppose

Bill Status: Died in House Health & Environment Committee on 2/15/2011

➤ HB 1143 would have required that an insurer must not limit or exclude coverage for a drug that is prescribed for a use other than what it has been labeled for use by the Federal Drug Administration. This bill would have increased premiums for all health benefit plans by eliminating an insurance carrier's formulary for prescription drugs. CACI testified against this bill which was defeated in the House Health and Environment Committee.

HB 1144 - Fetal Alcohol Spectrum Disorder (Sponsors: Sen. Tochtrop & Rep. Solano)

CACI Position: Opposed as Introduced. Bill was Amended

Bill Status: Signed by Governor on 3/25/11

➤ HB 1144 as introduced would have required a health insurance carrier to provide coverage for a multi-disciplinary evaluation of a child up to 18 years of age as requested by the primary health care provider to diagnose Fetal Alcohol Spectrum Disorder (FASD). CACI worked with the sponsors and other interest groups on an amendment which removed the mandate for coverage, leaving an expansion of the FASD Commission from 10 to 12 members. This bill was signed into law on March 25, 2011.

HB 1245 - Patient Centered Medical Homes (Sponsors: Sen. Aguilar & Rep. Kefalas)

CACI Position: Oppose

Bill Status: Died in House State, Veterans & Military Affairs Committee on 2/24/2011

➤ HB 1245 would have defined a patient-centered medical home as one that provides services to adults, including the core principles relating to patient centered medical homes. CACI opposed the mandate that health insurance carriers provide coverage for services outside of

the network agreed upon within a contract. This bill was postponed indefinitely by the House sponsor in the House State, Military and Veterans Affairs Committee.

SB 168 - Health Care Cooperative Authority (Sponsors: Sen. Aguilar & Rep. Kefalas)

CACI Position: Oppose

Bill Status: Died on Senate 2nd Reading Calendar on 5/9/2011

➤ SB 168 would have created a Colorado Health Care Authority for the purpose of administrating and funding health benefits for Colorado residents. This Authority would have caused for-profit insurance carriers to close their businesses, and created a loss of over 70,000 jobs in Colorado. CACI testified in opposition to the bill.

SB 196 - Ephedrine / Pseudoephedrine Classification (Sponsors: Sen. Boyd & Rep. Summers)

CACI Position: Oppose

Bill Status: Died in Senate Health & Human Services Committee on 4/28/2011

SB 196 would have classified drugs currently available as over-the-counter medication that contain ephedrine and/or pseudoephedrine as a Schedule III controlled substance, which would require a prescription for purchase and possession of the medication. CACI opposed this bill which was defeated in the Senate Health and Human Services Committee.

SB 200 - Creation of a Health Care Exchange (Sponsors: Sen. Boyd & Rep. Stephens)

CACI Position: Support

Bill Status: Awaiting Signature by Governor

- > SB 200 creates the CO Health Benefit Exchange and includes the following provisions:
 - 1. Creates the Colorado Health Benefit Exchange under Title 10, C.R.S., thereby, placing the Exchange under the authority of the Commissioner of Insurance;
 - 2. Establishes a Governing Board and creates appointment procedures;
 - Creates a Legislative Health Benefit Exchange Implementation Review Committee with oversight over all Exchange Board recommendations, including funding, grant approvals, and Executive Director appointments;
 - 4. Requires Legislative Audit of all moneys received by the Exchange;
 - 5. Requires a Post-Enactment Review of five years after enactment of the Act by a legislative service agency.
 - 6. The Exchange is prohibited from:
 - Duplicating or replacing the functions of the Division of Insurance, including rate approval;
 - Engaging in active purchasing of insurance products; and
 - o Promulgating rules.
- > Several CACI members testified in support of the bill based on the potential for reduced premiums for businesses. CACI worked within a coalition of other business and interest groups seeking passage of this legislation.

SB 205 – APN Participating Provider Status (Sponsors: Sen. Tochtrop & Rep. Miklosi)

CACI Position: Oppose

Bill Status: Died in House Economic & Business Development Cmte on 5/5/2011

SB 205 as amended prohibits health carriers from discriminating between physicians and APN's when determining participating provider status. This measure would potentially increase litigation against insurance carriers for hiring practices and may cause a carrier to be forced to drop physicians as a participating provider in order to avoid litigation. The House sponsor laid the bill over with the goal of working with stakeholders in the future.

Labor & Employment Council

HB 1106 - Recovery of Actual Damages (Sponsors: Rep. Bob Gardner & Sen. Roberts)

CACI Position: Support

Bill Status: Died in Senate Judiciary Committee on 3/29/11

➤ House Bill 1106 would have ensured that injured plaintiffs recover the amount of their true damages that are paid on behalf of their insurer, and not the originally billed amount. The bill was based on a recent CO Supreme Court decision stating that a plaintiff should recover the higher "billed" amount instead of the amount that an insurer results in paying. CACI joined the CO Civil Justice League (CCJL) in support of the bill which passed in the House but was sent to the Senate Local Government committee where it was defeated.

HB 1127 - Use of Consumer Credit (Sponsors: Rep. Kagan & Sen. Carroll)

CACI Position: Support

Bill Status: Died in House State, Veterans & Military Affairs Committee on 2/17/11

HB 1127 would have restricted an employer's use of consumer credit information for employment purposes. The bill also changed current law regarding the permissible use of credit information by an insurer that offers personal lines of property and casualty insurance. CACI testified against HB 1127 based on the restrictions this legislation would have placed on employers for determining the accuracy of an applicant's work history and background.

HB 1238 - Jobs Quality Act (Sponsors: Rep. Duran, no Senate sponsor)

CACI Position: Oppose

Bill Status: Died in House State, Veterans & Military Affairs Committee on 2/22/11)

- ➤ HB 1238 required a business to meet certain "job quality standards" before receiving a loan, tax credit, exemption, or procurement contract of \$10,000 or more from the State. Such standards included:
 - That the business pays a wage that is 25% above the average wage base;
 - o That the business provides health insurance to each of its workers;
 - o That at least 60% of the employees are CO residents or have received UI benefits;
 - o That the business keeps 50% of its employees for a year or longer;
 - o That the workers receive paid sick leave and paid leave for parental involvement.

➤ The bill also required OEDIT to prepare a prequalification letter which states whether the business had met the "job quality standards" and required such standards to have been met for 5 years. Failure to meet such standards meant that OEDIT could recapture up to 100% of the state funds provided to the business. CACI testified against the bill which was defeated in the House State Affairs Committee.

HB 1288 - Unemployment Insurance Reform (Sponsors: Reps. Liston, Pabon & Sen. Morse

CACI Position: Support

Bill Status: Awaiting Signature by Governor

- ➤ HB 1288 is the result of a task force convened in 2010 by the CO Dept. of Labor and Employment which worked for many studying the problems of the UI system and developing recommendations for legislation. The members of the taskforce included CACI, C3, NFIB, AFL-CIO, The Fiscal Policy Institute and CDLE;
- ➤ The bill addresses the insolvency of the state's Unemployment Insurance Trust Fund which currently owes approximately \$530 million to the Federal Government. The primary goals of HB-1288 include:
 - 1. Repaying the Federal loan before federally mandated penalties against Colorado federal UI rates (FUTA) begin, and rebuild a necessary fund balance before the next economic downturn without harming employers' ability to recover from the recent recession and increase jobs;
 - 2. Constructing a new UITF rate chart that reflects and grows with the size of Colorado's economy to provide adequate Fund reserves, that has less volatility and is simpler to administer, and reflects sound pooled-insurance principles for shared risk;
- CACI testified in support of the bill along with other members of the task force. HB 1288 passed unanimously in the House and Senate and is awaiting signature by the Governor.

SB 68 – Consumer Protection Act (Sponsors: Sen. Carroll; Rep. Solano)

CACI Position: Oppose

Bill Status: Died in House State, Veterans & Military Affairs Committee on 3/10/11

➤ SB 68 as introduced would have shifted the current authority for determining what is an unfair trade practice from the Legislature to the Attorney General. The Senate sponsor removed that language but left language that would have changed current law by requiring that once the plaintiff proves that the defendant had engaged in an unfair trade practice, it is assumed that the practice created a public harm. This placed the burden of proof on the business to prove that they had not caused public harm. CACI joined CCJL in opposition of this bill which was defeated in the House State Affairs Committee.

SB 72 – Civil Remedies for Discrimination (Sponsors: Sen. Carroll & Rep. Levy)

CACI Position: Oppose

Bill Status: Died in House State, Veterans & Military Affairs Committee on 4/6/11

- > SB 72 would have allowed employees to sue employers for pain and suffering damages, punitive damages and attorney's fees in state employment lawsuits which would have resulted in increased job-related litigation risk to every private-sector employer.
- ➤ This is the third session in which similar legislation has been attempted and subsequently defeated. CACI members Sybil Kisken and Robin Repass testified against SB 72 which was defeated in the House State, Veterans & Military Affairs Committee.

SB 185 - Vendor Outsourcing (Sponsors: Sen. Johnston & Rep. Duran)

CACI Position: Oppose

Bill Status: Died in House State, Veterans & Military Affairs Committee on 5/5/11

SB 185 would have required state agencies to include a list on their website of vendors who outsource their services that have won a bid with the State exceeding \$250,000. The bill also required vendors to provide notice to state agencies within 10 days (before the duties are performed) or after execution of the contract if they plan to outsource such services. CACI testified against the bill based on the duplication in law already created through SB 07-228. The bill was defeated in the House State, Veterans & Military Affairs Committee.

Tax Council

HB 1141 – Exemption of Business Personal Prop. Tax (Sponsors: Rep. Holbert & Sen. Scheffel)

CACI Position: Support

Bill Status: Died in Senate State, Veterans & Military Affairs Committee on 5/2/11

➤ HB 1141 exempted all business personal property that is purchased in 2012 or 2013 from the levy and collection of property tax. HB 1141 also specified how the exemption would have applied to a state-assessed public utility. CACI testified in support of the bill which died in the Senate State Affairs Committee.

HB 1265 - Sales and Use Tax Refunds (Sponsors: Rep. Stephens & Sen. Johnston)

CACI Position: Support

Bill Status: Awaiting Signature by Governor

➤ HB 1265 was introduced with the intent of clarifying current law regarding sales and use tax refunds. In 2010, the DOR began using a 60-day period for all refund claims per the direction of the Attorney General's Office. CACI Tax Council members opposed that interpretation and argued that the 3-year statute of limitations has been the guidance by DOR for over 20 years;

➤ The Governor's Office and DOR agreed that taxpayers should continue to be allowed three years to file a refund which is clarified through HB 1265. The bill also allows but does not compel vendors to file claims for refunds on behalf of their customers within 3 years after the due date of a return. CACI members Donna Stephens and William Mueldener testified in support of the bill on behalf of the CACI Tax Council. The bill passed with one No vote in the Senate and is awaiting signature by the Governor.

HB 1293 - Repeals Tax on Software (Sponsors: Reps. Stephens, Murray & Sens. Newell & Jahn)

CACI Position: Support

Bill Status: Awaiting Signature by Governor

➤ HB 1293 was the result of budget negotiations and repeals HB 10-1192 which expanded the taxation of software beyond Regulation 7. HB 1293 codifies Regulation 7 into law effective July 1, 2012 and returns the taxation of software based on the definitions created through that regulation. CACI testified in support of HB 1293.

HB 1318 - Out-of-State Sales (Sponsors: Rep. Stephens & Senators Newell & Jahn)

CACI Position: Support

Bill Status: Bill died on Senate Calendar on 5/10/11.

➤ HB-1318 repeals last year's HB 10-1193 that required out-of-state retailers to collect sales taxes on products sold to Colorado residents. HB-1318 requires out-of-state retailers with annual gross sales greater than \$500,000 but who do not collect Colorado sales taxes to tell Colorado customers that "use tax" may be due Colorado on the purchase. The retailer's e-mail to the customer about the purchase must contain a link to the Web site of the DOR "where the purchaser can obtain information on how to remit any use tax due." These retailers also are barred from telling Colorado customers that no taxes are due Colorado on their purchases. The bill passed in the House but died on the Senate calendar.

SB 26 – Exempts Percentage of Business Personal Property Tax (Sponsors: Sen. Scheffel

CACI Position: Support

Bill Status: Died in Senate State, Veterans & Military Affairs Committee on 2/17/11

- SB 26 would have exempted from property tax an increasing percentage of all business personal property first used in a business in future property tax years. The exemption percentages, determined by the year in which the property is first used, were as follows:
 - 25 percent in property tax years 2013 and 2014;
 - 50 percent in property tax years 2015 and 2016;
 - 75 percent in property tax years 2017 and 2018; and
 - 100 percent in property tax years 2019 and thereafter.
- CACI supported SB 26 which was defeated in the Senate State Affairs Committee.

SB 86 - Local Appeals Disputes (Sponsors: Sen. Foster & Rep. Murray)

CACI Position: Support

Bill Status: Signed by Governor on 3/22/11

- ➤ SB 86 is a bill initiated by the CACI Tax Council that fixes a trap created in current statute that limits a taxpayer's appeal rights on tax assessments. SB 86 ensures that a taxpayer still has 180 days for a hearing to dispute a tax assessment, but also allows for additional exhaustion of remedies including:
 - If the taxpayer requests a hearing but the taxpayer and local government agree in writing that no hearing will be held and that the taxpayer has exhausted their remedies, the taxpayer would continue to be allowed 30 days for review by DOR;
 - If the 180 days has expired, the local government will notify the taxpayer in writing that it will
 not conduct a hearing and that the taxpayer has exhausted their local remedies. The taxpayer
 would continue to be allowed 30 days for review by DOR.
- ➤ CACI member Neil Pomerantz testified in support of the bill which passed unanimously out of both the House and Senate. The bill has been signed by the Governor.

SB 89 - Private Letter Rulings (Sponsors: Sen. Jahn & Rep. Beezley)

CACI Position: Support

Bill Status: Awaiting Signature by Governor

➤ SB 89 implements the Department of Revenue recommendation to continue the Executive Director's authority to issue general information letters and private letter rulings until 2016. CACI's Tax Council initiated the bill creating this program in 2006, and employers continue to pay to have these rulings issued by DOR. CACI testified in support of the bill which passed unanimously in the House and Senate.

SB 223 - Reinstates Vendor Allowance (Sponsors: Sen. Hodge & Rep. Gerou)

CACI Position: Support

Bill Status: Signed by Governor on 5/5/11

- ➤ SB 223 restores 2.22% of the vendor allowance for the next 3 years beginning July 1, 2011. Beginning July 1, 2014, vendors will receive their full 3 1/3 %.
- ➤ SB 223 was part of the budget negotiations and CACI was actively engaged in that process to ensure the passage of this legislation. CACI fought to restore this vendor allowance for vendors who collect and remit sales tax to the State and who had lost that allowance since 2009 due to budget cuts.