



2013 Legislative Review: A little less talk and a lot more action

The 2013 legislative session was marked by the passage of many historic and often controversial, new laws with topics ranging from gun safety to civil unions to marijuana taxes. The Colorado Fiscal Institute kept a narrow focus, leading efforts to create low- and middle-income tax credits for working families and providing in-depth research and analysis on state-level immigration reform.

Senate Bill 13-001 – The Working Family Economic Opportunity Act of 2013

Although it was introduced as the first bill of the session, Senate Bill 13-001 had a long journey before it ended up on the Governor's desk two days prior to sine die. Determined legislative leadership, a strong coalition and the groundwork laid by ten years of prior attempts to pass similar legislation created a unique path for SB1's success.

SB 1 bill, known as the Working Family Economic Opportunity Act of 2013, creates a permanent, state-level Earned Income Tax Credit and Child Tax Credit in Colorado. These credits build on the success of the federal EITC and CTC in Colorado, incentivizing work, reducing poverty and helping to support more than 400,000 working families.

In an effort to mitigate some of the immediate costs of SB1, the legislature created conditions that must be met before these tax credits become a permanent part of the tax code. The EITC will be triggered on when Colorado has a TABOR surplus and pays EITC refunds as part of the TABOR rebate process. According to Colorado Legislative Council, the next TABOR surplus is anticipated in FY 2015-16. The CTC will be triggered on with the passage of the Market Place Fairness Act in Congress. This bill allows states to require retailers to collect sales taxes on internet sales and will increase revenue in Colorado an estimated \$70 million in the first year.

The Colorado Fiscal Institute organized and led a coalition of more than 40 partners devoted to finding the EITC and the CTC a permanent home in the Colorado tax code. Together we worked hard to move and negotiate tax policy that would meet the needs of working Colorado families while considering the demands of other areas in the budget. After nearly 30 proposed amendments, SB1 was passed late in the evening two days before the close of the session. We are so proud of this legislation and the giant leap forward we took in implementing proven tax policy that benefits low- and middle-income Colorado families.

HB 13-1258 - The Community and Law Enforcement Trust Act

HB 13-1258, the Community and Law Enforcement Trust Act, repealed Article 29, Title 29, C.R.S., a law passed in 2006, which required local law enforcement officers and agencies to report anyone who they believed to be an undocumented immigrant to United States Immigration and Customs Enforcement (ICE). Widely viewed as a precursor to other punitive state immigration enforcement measures, such as Arizona's SB1070, Colorado's law, known as Senate Bill 90, had proven to erode trust between immigrant communities and law enforcement, jeopardizing public safety.

The Colorado Fiscal Institute served as the research arm of the Campaign to Unite Colorado, a diverse coalition of organizations committed to restoring trust, dignity and safety to all Colorado communities led by the Colorado Immigrant Rights Coalition (CIRC). In December, CFI published the first comprehensive analysis of the cost to the state and local governments of arresting and detaining people suspected of being an immigrant in the state unlawfully. The report, *Misplaced Priorities*, earned national media attention and laid a strong foundation of support for the HB13-1258, the Community and Law Enforcement Trust Act.

CFI followed its first report up with a unique analysis of the social and economic costs of Colorado's SB90. The second report, *The High Cost of Immigration Enforcement in Colorado*, investigated the impact immigration detention had on the people detained and the broader community as detainees were pulled away from their jobs, their local economies and their families.

Through a combination of strong research and community action, the Campaign demonstrated that HB13-1258, the Community and Law Enforcement Trust Act, just made sense from a social, fiscal and economic perspective. It gained wide law enforcement, community and legislative support. With the passage of this groundbreaking legislation, Colorado became the first state in the country to repeal an anti-immigrant "show me your papers" law. Not only will the passage of this bill reduce the unnecessary costs of detaining and reporting immigrants that CFI identified, but hopefully also go a long way toward restoring trust, fostering dignity and enhancing safety across the state.

SB 13-033 - Advancing Students for a Stronger Economy Tomorrow (ASSET Bill)

The passage of SB 13-033, or the ASSET bill, was not only an important win for the immigrant community, but also for the future of Colorado. This bill allows undocumented students who have graduated from Colorado high schools to pay in-state tuition at Colorado colleges and universities.

Because of our familiarity with Census data and prior research on the impact of immigration on the economy, CFI wrote a short paper highlighting the return on investment for an immigrant with a bachelor's degree. By estimating the number of undocumented high school graduates who would take

advantage of in-state tuition and then evaluating the earnings-potential of college degree holders compared to high school graduates, we were able to identify the economic impacts of higher education on the immigrant population, including the additional taxes that college-educated, higher-earners pay. This analysis of the initial state investment in immigrant higher education showed that the passage of the legislation would quickly pay dividends and was spotlighted when arguing for the passage of this bill.

The Long Bill

With new growth in the Colorado economy, the Joint Budget Committee was able to expand investments in programs that had seen several years of cuts during the recession. The \$20 billion budget package, also known as the “Long Bill” included 7.8 percent more revenue, an increase of about \$1.3 billion over the prior year’s appropriations and will take effect in July of this year.

The agency that received the biggest bump from the growth in funding is Health Care Policy and Financing, with a 10.7 percent increase in total funds. The largest portion of this money will be devoted to providing health coverage to eligible Coloradans and for the development of the State Health Benefit Exchange as required by the federal Healthcare Act.

Education received a much needed increase of \$120.8 million. Close to 85 percent of this funding will go to backfilling prior year cuts to education, although a deficit of over \$1 billion remains. The majority of the remaining funding is being directed to capital construction.

Human Services also received a 3.7 percent bump in their budget while Higher Education gained 6.4 percent, or roughly \$71 million in additional funds.

SB 13-213 – Future School Finance Act

Another important bill passed this session is SB 13-213, the Future School Finance Act. This 200 page bill sets different parameters for how tax dollars will be distributed to public schools through a new school finance formula. The new funding formula will be based on a redefined index for counting the number of students in each district and then weighted based on different district factors, such as number of at-risk and ESL students.

The changes in the bill are contingent upon the passage of a statewide ballot measure in the fall that will increase overall funding for education. As a result of this requirement, 26 new ballot initiatives were filed with the State Title Board for the November election. The Colorado Fiscal Institute has been monitoring the progression of both this legislation and the impending tax measure. We are hopeful that any tax proposal will presented to the voters will make the tax code more equitable as well as providing additional resources for schools.

Conclusion

Overall, the 2013 legislative session was a success for Colorado families. Funding was restored to programs that lift up our communities and policy was driven toward improving the lives of working Coloradans. The Colorado Fiscal Institute is proud to have worked diligently to support these great milestones in Colorado history.