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## **2009 Colorado General Assembly Legislative Session Outlook**

March 28, 2009

The First Regular Session of the 67<sup>th</sup> General Assembly of Colorado convened on Wednesday, January 7, 2009 at 10 am. The Legislature will meet for a constitutionally mandated limit of 120 days, with *adjournment sine die* occurring no later than midnight on Wednesday, May 6, 2009. You can obtain more information on the General Assembly, including contact information for legislators, information on bills that have been introduced, schedules for committee hearings and links for listening to live audio broadcasts of the proceedings of the legislature by going to the [Colorado General Assembly homepage](#). The [deadline schedule for the 2009 legislative session](#) is also available. The House of Representatives is televised, both on the [internet](#) and on Comcast cable television channel 165.

In the past, we have generally prepared this report around the mid-point (60 days) of the session. This year, however, with the serious budget problems the state is facing, we felt that it would be more timely and useful to the reader to wait until after the March 20 quarterly revenue forecasts had been presented to the legislature by the Office of Legislative Council and the Office of State Planning and Budgeting. Also, as in the past, we have included links to numerous backup documents that we hope you will find useful and helpful to you in understanding the workings of the 2009 Colorado General Assembly.

## Major Issues

### Budget

The [Chief Economist of Legislative Council and the Staff Director of the Joint Budget Committee made presentations](#) to a rare joint session of the House of Representatives and the Senate on February 16, 2009 concerning the state's budget. The national economic recession has caused Colorado's General Fund tax revenues to continue to decline. The December revenue estimates issued by Legislative Council projected a GF deficit of **\$604 million this year** (FY 08-09). More recently, the [Legislative Council March revenue estimates](#) show an additional **decrease in GF revenues of \$282 million in FY 08-09 and an additional \$428 million in FY 2009-10.**

The table below compares the components of the estimated General Fund revenue in FY 2008-09 to the prior year.

#### General Fund Revenue Collections: FY 08-09 compared to FY 07-08

	FY 07-08	FY 08-09 (March est.)	Percent Change
<b>Individual Income</b>	\$4,973.7	\$4,423.7	<b>-11.1%</b>
<b>Corporate Income</b>	507.9	350.9	<b>-30.9%</b>
<b>Excise/Sales Taxes</b>	2,411.1	2,265.8	<b>-6.0%</b>
<b>Other</b>	258.1	246.4	<b>-4.5%</b>
<b>Total</b>	<b>\$8,150.8</b>	<b>\$7,286.8</b>	<b>-10.5%</b>

*All figures in millions, and include revenues collected for State Education Fund*

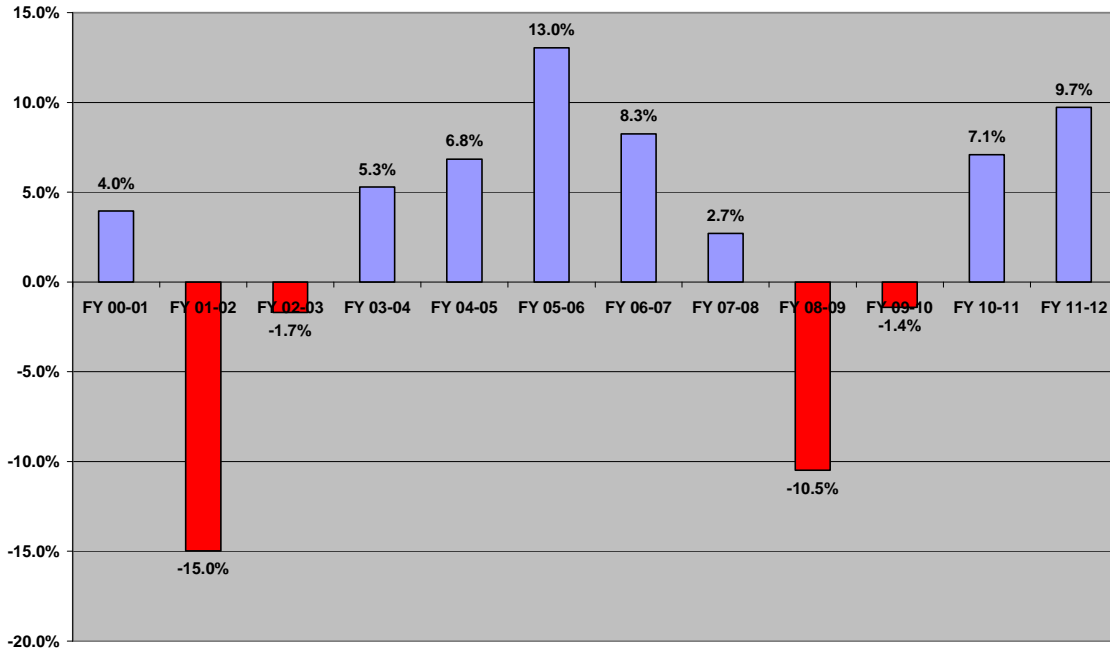
As shown above, the Legislative Council projects a decrease in each major source of General Fund revenue in FY 08-09.

The projections issued by the Governor's Office are higher -- the [OSPB forecast](#) estimates a much higher individual income tax revenue collection in FY 2008-09. Historically, the legislature has used the Legislative Council estimate, which has generally proved to be more accurate. Both offices will continue to monitor the key variables on a monthly basis prior to the June 20 estimates.

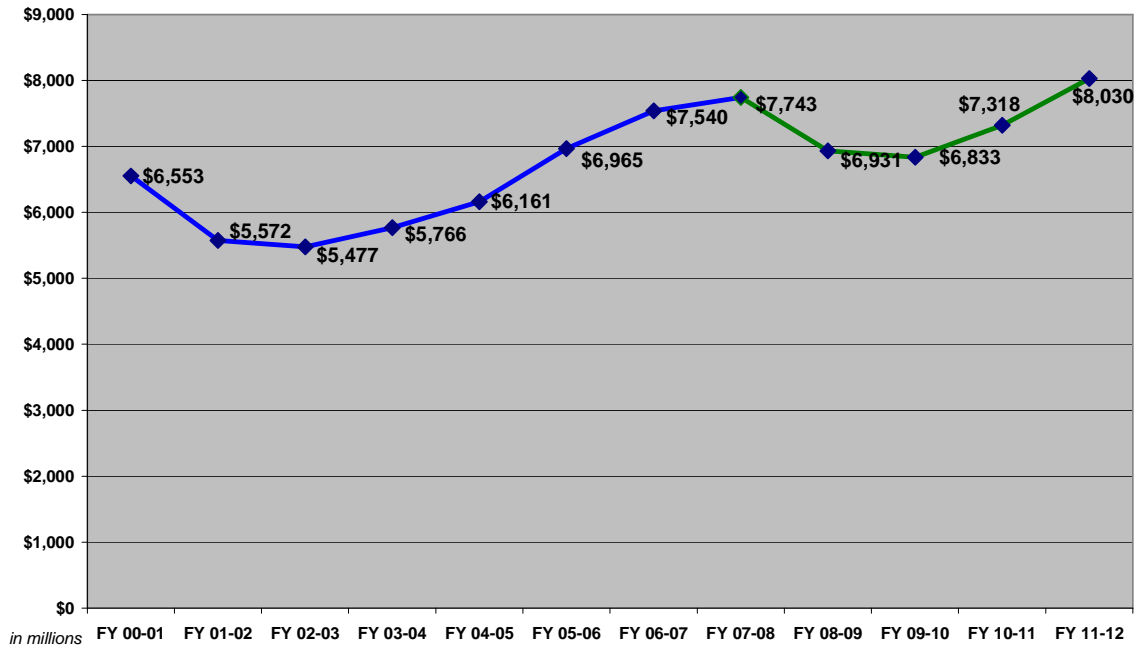
#### Historical and Projected Changes for the General Fund

In considering the current revenue shortfall, it is instructive to consider the recent history of Colorado's General Fund. The two tables below display the annual change in GF by percent (Table 1) and the total GF operating budget revenue by year (Table 2).

**Table 1: Annual Change in GF Revenues**  
 Actual (FY 01 through FY 07) and Projected (FY 08 through FY 12)



**Table 2: General Fund Revenues:**  
 Recent Year Actuals and Projections



As shown in Table 1 above, the decrease in GF revenue projected for FY 08-09 and FY 09-10 seems similar to the decreases earlier this decade. From a budgeting standpoint, however, the current revenue shortfall may be of greater concern. During the earlier GF downturn, the state had more options to “manage” the budget shortfall. Certain budget reductions were made – higher education lost 8.3 percent of its General Fund in FY 03, followed by an additional 12.5 percent reduction in FY 04, followed by a loss of 1.0 percent GF in FY 05, to use one example. But the state also changed the pay date for state employees, transferred cash fund revenues to the General Fund, and employed other budget and accounting mechanisms to help address the budget shortfall. Many of these same mechanisms are no longer available to address the current shortfall.

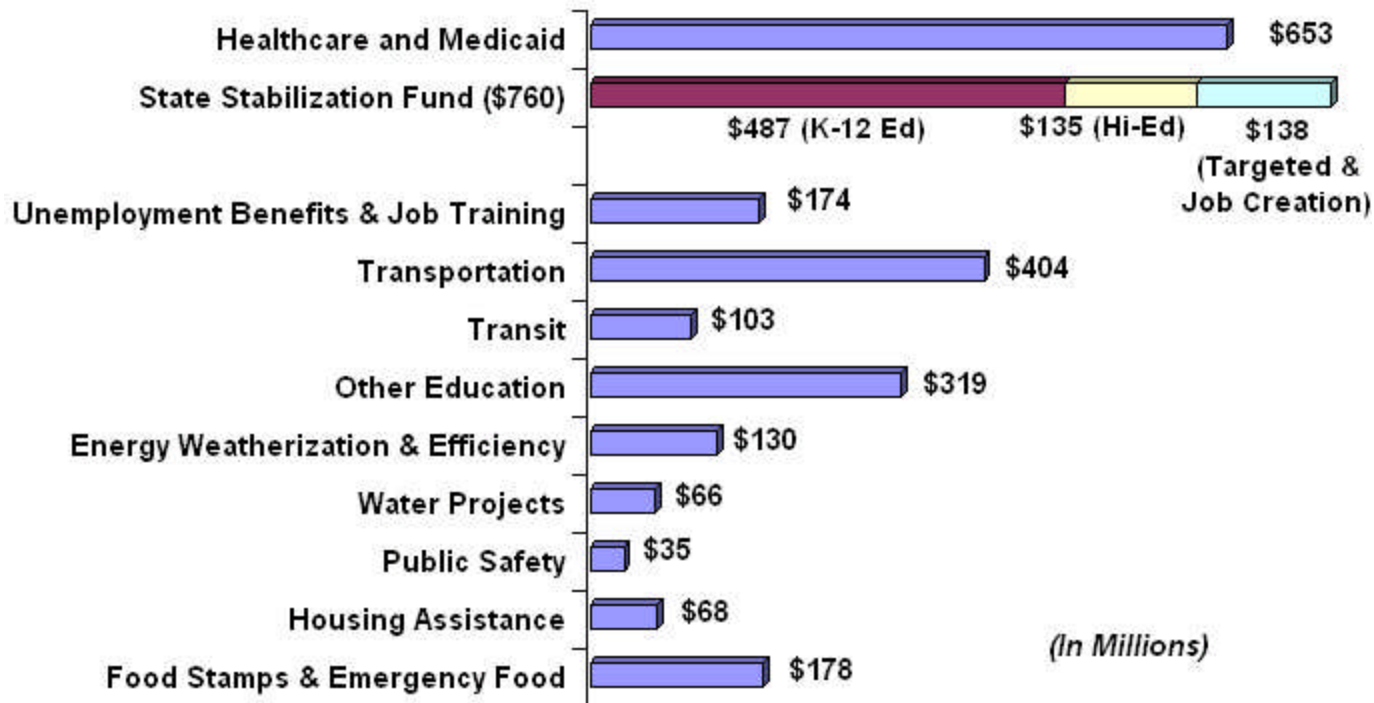
The data in Chart 2 indicates the multi-year nature of the budget shortfall. Consider that Legislative Council predicts that the GF in FY 11-12 will be only slightly higher than that collected in FY 07-08 -- \$8,030 million versus \$7,743 million. **Over this four year period, the forecast anticipates a total revenue growth of only \$287 million (3.7 percent).**

#### **Implications for the FY 08-09 Budget and FY 09-10 Budget**

The General Assembly has already adopted some budgetary reductions for state agencies for FY 2008-09. In addition, the General Assembly has transferred some cash funds into the General Fund. But the lower March revenue estimates will likely result in more budget reductions in FY 2008-09 and modifications from the already-adopted figure setting for FY 2009-10. The Joint Budget Committee plans to introduce the FY 2009-10 Long Appropriations Bill on April 6.

Also unknown is what the impact will be of the **federal stimulus moneys** from the [American Recovery and Reinvestment Act of 2009](#). Colorado is expected to receive an estimated \$3 billion in direct funding, benefits and services from ARRA. This estimate does not include tax relief for individuals and businesses, certain federal appropriations or competitive grants.

All told, Colorado could receive more than \$7 billion in direct federal funding and tax relief, plus funding that flows to federal research labs and other agencies with operations in Colorado. Here is a breakdown of the \$3 billion in direct funding:



A large part of the state's share of ARRA funds will come to the [Department of Local Affairs](#). Another large part of Colorado's share of the stimulus funds will go to the [Colorado Department of Transportation](#). Other useful links with information on ARRA funding can be found at the [Department of Education](#) and the [Department of Higher Education](#). Governor Ritter has appointed a [Colorado Economic Recovery Accountability Board](#), chaired by Don Elliman, Executive Director of the Office of Economic Development and International Trade.

### Other Budget Information

**Referendum C.** The passage of Referendum C in November 2005 gave the state a five year "time out" from TABOR's revenue limits to help recover from the ratchet down effect of TABOR during the economic downturn of 2001-05. FY 2009-10 will be the last year of the Ref C timeout. The Legislative Council prepares an annual report on [Referendum C Revenue and Spending](#).

**Future GF Appropriations.** Both forecasts project General Fund revenues *insufficient* to allow the state to appropriate up to the 6.0 percent Arveschoug-Bird limitation each year through the forecast period. Under current law, any appropriation below the allowable limit will ratchet future limits downward.

### **Allowable GF Increase**

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
OSPB	2.8%	3.7%	2.2%	3.0%
LCS	-3.7%	-0.2%	4.5%	6.0%

*as projected in March 2009*

## TABOR Refunds

The five year window of Referendum C will expire after FY 2009-10. Neither forecast projects a TABOR refund after the expiration of Referendum C.

## Capital Construction Dollars

Renovation and replacement of the state's college campuses, prisons and other capital assets is an ongoing priority of the General Assembly. General Fund revenues must satisfy a series of thresholds prior to accruing to the capital construction fund. **Neither forecast projects any capital construction "spillover" revenues throughout the five-year forecast period.**

## SB 97-001 Transfer to HUTF

The provisions of **SB 97-001 require that 10.335 percent of all state sales tax revenues be transferred to the Highway Users Tax Fund (HUTF) if the state collects revenues sufficient to appropriate up to the 6.0 percent Arveschoug-Bird limit and maintain the required 4.0 percent reserve.** Only Legislative Council forecasts a small transfer in FY 2011-12.

## Projected SB 97-1 Transfer

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
OSP	\$0.0	\$0.0	\$0.0	\$0.0
LCS	\$0.0	\$0.0	\$0.0	\$83.6

*Dollars in millions*

## Arveschoug-Bird Spending Limitation

The spending limits imposed on the state legislature through the [Arveschoug-Bird General Fund Appropriations Limit](#) is described in detail by the Office of Legislative Legal Services. For the first time since its passage in 1991, the Legislature is considering repealing this limit. Proponents of [SB 09-228](#) argue the A-B limits should be removed and are advocating for passage of the bill during this session. Opponents argue the bill does not provide for a dedicated revenue stream for transportation and that based on the current forecasts, there is not a compelling need to take action this year. The reader should refer to the [fiscal note on SB 09-228](#) for an excellent analysis of the legislation. As described above, with the Arveschoug-Bird limit in place, there will be virtually no transportation funding or capital construction revenues for the next several years. The Bell Policy Center has prepared an excellent paper entitled "[The Road to 2009](#)" that can help the reader better understand the interaction of [TABOR](#), the [Gallagher Amendment](#), and [Amendment 23](#). SB 09-228 has become very controversial and has passed the Senate on a party-line vote and is awaiting hearing in the House Transportation and Energy Committee.

## Forecasted Consumer Price Index (CPI) Rate

The CPI rate is used as the basis for funding K-12 Education, as the provisions of Amendment 23 (passed by the voters in 2000) require an appropriation of

inflation plus 1.0 percent for the statewide base per pupil funding through FY 2010-11. The Consumer Price Index used in this calculation is for the Denver-Boulder area. The table below shows the March, 2009 CPI forecasts:

**March 2009 CPI Forecasts**

	<b>CY 2008</b>	<b>CY 2009</b>	<b>CY 2010</b>	<b>CY 2011</b>	<b>CY 2012</b>
<b>OSPB</b>	3.9%	0.0%	0.5%	1.3%	2.1%
<b>LCS</b>	3.9%	1.0%	2.1%	2.6%	3.3%

**Severance Tax and Federal Mineral Lease Revenues**

These revenues are extremely volatile, depending on the price of natural gas and gasoline, and the amount of energy production. The projections for these two revenue sources are shown in the table below.

	<b>State Severance Tax Revenues</b>	<b>Federal Mineral Lease Revenues</b>
FY 2006-07	\$145.1	\$123.0
FY 2007-08	170.1	153.6
FY 2008-09	249.0	230.9
FY 2009-10	40.5	125.3
FY 2010-11	173.4	148.5
FY 2011-12	278.1	192.1

*dollars in millions*

Both revenue sources above show forecasted precipitous declines for FY 2009-10. These two revenue sources support a variety of state programs, including infrastructure programs, transfers to local governments, and discretionary programs.

**Unemployment Insurance.**

Due to the significant increase in the state’s unemployment rate, Legislative Council predicts the state’s unemployment insurance trust fund “*will fall precariously close to insolvency at the end of FY 2009-10.*” The balance of the fund, at \$700 million on July 1, 2008, is anticipated to be below \$50 million on July 1, 2010. See Table 7, page 15 of the [Legislative Council March 20, 2009 forecast](#).

**Public Employees Retirement Association (PERA).**

One of the most significant long-term budget challenges is the state’s defined benefit retirement program, PERA. At a recent hearing before the Legislative Audit Committee, the PERA management provided [background information](#) about the funding status of PERA. In total, PERA’s net assets declined from \$41.4 billion on December 31, 2007 to \$30.0 billion on November 30 2008. The

Legislative Audit Committee has scheduled an additional meeting with PERA on April 2.

### **K-12 Education**

The most significant issue this session was the [decision by the Colorado Supreme Court](#) to uphold the 2007 legislation authorizing the mill levy stabilization. Passed by the legislature and supported by Governor Ritter, this issue was seen as a way of stabilizing the local contribution to K-12 education. Had the Supreme Court ruled against the State, an additional state contribution of more than \$100 million would have likely been required to backfill the local property tax contributions.

Legislation impacting K-12 Education is listed below:

- [HB 09-1057](#), mandating that employers provide parental leave for school activities, has passed the House and Senate and is now in conference committee.
- [HB 09-1243](#), creates the office of dropout prevention within the Department of Education. This bill is still in the House.
- [SB 09-057](#), requiring school districts to post all financial information on-line, was killed in the House.
- [SB 09-163](#), modifying the state's educational accountability system to focus on student longitudinal growth. This bill is still in the Senate.

### **Higher Education**

The discussions surrounding higher education in 2009 continue to focus on the budget and possible tuition increases. [HB 09-1272](#) implemented the expansion of gaming authorized in Amendment 50 (passed at the ballot in 2008). But aside from these additional funds, which are dedicated to the community colleges, the state's institutions of higher education remain well below their peers in state funding.

One piece of legislation generating significant discussion is [SB 09-170](#), which allows children of undocumented immigrants to receive in-state tuition status at the state institutions of higher education. After introduction, the bill was amended to prohibit individuals in this category from receiving the College Opportunity Fund stipends or state financial aid. This bill is still in the Senate.

### **Human Services Programs for the Developmentally Disabled**

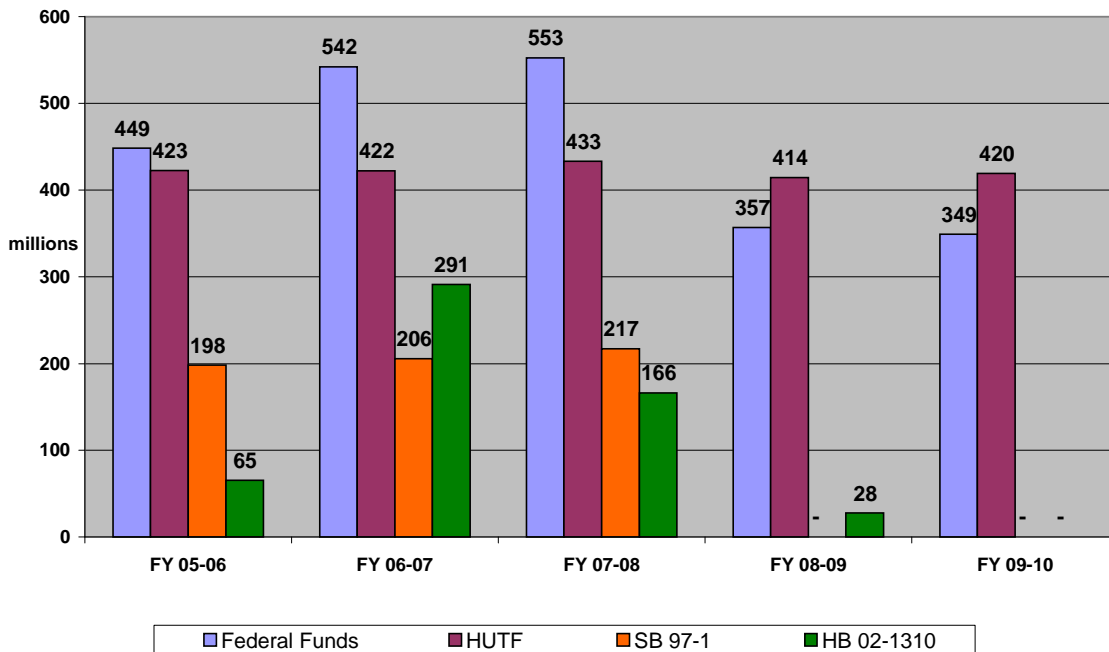
To date in the 2009 session, the most significant legislation impacting the developmentally disabled programs is [SB 09-244](#), requiring all insurance policies to provide coverage to treat autism spectrum disorders. This bill is still in the Senate. Aside from legislation, the DD community is hoping that the additional funding slots provided in FY 2008-09 can be maintained in light of the state's fiscal situation. To date, the state has not eliminated any of these DD funding resources.

## Transportation

Governor Ritter proposed that a new, stable revenue stream must be dedicated to transportation. His Blue Ribbon Transportation Finance and Implementation Panel submitted its [“Report to Colorado”](#) in January, 2008. This report noted that over 40 percent of state highways are in disrepair; under current revenue projections, this will reach 60 percent by 2016. At present, at least [126 bridges](#) in the state are considered structurally deficient. The CDOT [2035 Statewide Transportation Plan](#) has a wealth of information on the status of the state’s highways and bridges.

Like many states, Colorado is faced with stable or declining revenues with an aging transportation infrastructure. The declining revenue for transportation is illustrated in the table below. The table shows the declines in federal funding (in blue), the relative stability of Colorado’s gas tax (in purple), and total instability of the two other sources of state revenue: The SB 97-01 diversion of state sales tax revenues (in orange) and the HB 02-1310 two-thirds allocation of remaining GF revenues (in green). Consider that the declining revenue reflected in the table below comes during a time when the purchasing power of these dollars has severely diminished as a consequence of inflation.

**Sources of Transportation Funding**  
FY 05-06 through FY 09-10 (est.)



One of the more contentious bills to be introduced this year was [SB 09-108, “Funding Advancement for Surface Transportation and Economic Recovery – FASTER”](#). The bill ultimately passed on a mostly party-line vote with Democrats supporting and Republicans opposing. It was signed into law by

Governor Ritter on March 2. It is expected that FASTER will generate nearly \$250 million annually. Specifically, the bill:

- increases fees, fines, and surcharges to provide an estimated \$250 million in new annual funding for statewide transportation improvements;
- creates the Statewide Bridge Enterprise with the authority to finance, repair and maintain certain designated bridges in the state highway system, and to impose a bridge safety surcharge to repay bonds;
- creates the High-Performance Transportation Enterprise to enter into public-private partnerships and assess user fees on existing highways to repay bonds issued for transportation infrastructure projects;
- requires CDOT to create a standing efficiency and accountability committee charged with seeking ways to maximize the efficiency of the department.

## **Health Care / Health Insurance**

An important part of Governor Ritter's healthcare reform is [HB 09-1293](#) - the Colorado Healthcare Affordability Act of 2009. It enjoys bi-partisan support and strong backing from health care advocate organizations throughout the state, as well as the Colorado Hospital Association. Proponents claim that passage of HB 09-1293 will allow Colorado to leverage state funds to draw down additional federal funds in order to provide health insurance coverage to a significant number of uninsured Coloradans. The proposal also would help stem the rising cost of health insurance for businesses and families by addressing cost-shifting, one of the key drivers of rising costs, without increasing the burden on taxpayers.

By assessing a provider fee on hospitals, Colorado would generate an additional \$600 million annually to provide coverage to the uninsured, and receive \$600 million in federal matching funds. The combined \$1.2 billion would cover more than 100,000 currently uninsured Coloradans through Medicaid and the Child Health Plan Plus. The funds also would improve hospital reimbursement rates for service provided through Medicaid and the Colorado Indigent Care Program (CICP).

Opponents claim that hospitals will shift the fee to insurers and consumers. Today, care for uninsured patients and Medicaid underpayment to hospitals are two of the primary drivers of cost-shifting in healthcare. Proponents counter that this proposal will increase hospital reimbursement rates, increase coverage for a significant portion of the uninsured and thereby reduce the current cost shift. Provisions are included in the legislation to ensure that the provider fee is not transferred to patients or insurers. Line item billing of the hospital provider fee will be prohibited. There are also transparency requirements that include an annual accounting of provider fees paid by each hospital and projected revenue to each hospital in the form of new Medicaid and CICP payments. The bill has passed the House and is awaiting hearing in the Senate.

Additional legislative initiatives are aimed at providing increased coverage for Coloradans. As an example, [HB 09-1103](#) – concerning presumptive eligibility - allows for Medicaid coverage to commence prior to the current lengthy vetting process. Upon a positive review of the initial required paperwork, an individual could begin receiving Medicaid benefits much sooner than waiting for the lengthy assessment process to be completed. If there would be a determination of non-eligibility, the recipient would not be liable for any retroactive payments. HB09-1103 has passed and is awaiting signature by the Governor.

[HB09-1059](#) – Clinical Trials Bill – has made its way through the House and is now at the committee of reference stage in the Senate. This bill would provide continued coverage for an individual for their normal health care needs while they were participating in a clinical trial program for emerging therapies. While the cost associated with a clinical trial is provided by the research organization, normal medical expenses would still be covered by the individual's insurance provider.

A somewhat controversial healthcare bill is Representative Kefalas' [HB 09-1273](#), Health Care for All Colorado. This measure would create the Colorado Health Care Authority as a political subdivision which in turn would establish a health care system in Colorado that would be the administrator and payer for health care services, more commonly referred to as a "single payer" system. This bill has already generated heated debate, having passed its first committee of reference in the House.

### **Services for Seniors**

During the past several years, great strides have been made to restore funding for programs designed to assist Colorado's senior population. As the state's population ages, it becomes critical to continue to provide services through the Older Coloradans Cash Fund.

The Older Coloradans Cash Fund is distributed across the state through the [Area Agencies on Aging](#) to provide grants for community-based services to persons sixty years of age or older in order to assist them in living in their own homes and communities through programs such as Meals on Wheels, transportation and various in-home services.

### **Economic Development**

The [Economic Development Council of Colorado](#) (EDCC), at their annual fall conference, presented the results of the [3<sup>rd</sup> Annual Citizens' Survey on the Economy](#). In the survey, the citizens of Colorado indicated that the economy is the most important issue that the General Assembly should deal with in 2009. Further, 90% of the citizens surveyed supported state efforts to attract and retain primary jobs.

The EDCC lobbies on a number of bills each legislative session, as well as monitoring many others. The [Legislative Tracking Report for the EDCC](#) is available with real-time updates. [EDCC has endorsed a number of bills](#) this year and is working with proponents on passage of these bills that will help Colorado to retain, expand and attract primary employers.

[Governor Ritter's economic development agenda](#) for 2009. The key points of his proposals are:

- [HB 09-1001 - Job Growth Incentive Program](#): Gov. Ritter is proposing the creation of a new tax-credit program to incentivize businesses to create jobs in Colorado. For a company to qualify for this program, the company must apply to the Economic Development Commission and meet specific criteria. The company will be eligible for a tax credit of up to 50 percent of its annual FICA taxes paid on new employees. The tax credit for new employees would be calculated on a year-to-year basis for five years according to the number of FTE's on the company's payroll at year's end.
- [SB 09-067 - Colorado Credit Reserve Program](#): Colorado Credit Reserve is a pool guaranty program originally established and administered by the Colorado Housing and Finance Authority ([CHFA](#)). Gov. Ritter is proposing that this program be restored and expanded to generate small business loans throughout the state. The revitalized program is designed to encourage lenders to extend credit amounts up to \$500,000 to Colorado businesses. By committing \$2.5 million to this program at a maximum of 2.5 percent per loan (the percentage varies according to loan size), the state could leverage more than \$50 million in new loans.
- [SB 09-171 - New Energy Jobs Program](#): Gov. Ritter is proposing to increase funding by \$1 million per year to this program, which will be targeted for new energy job training programs. These new funds will be used to create job training programs for new energy jobs and will allow community colleges to apply for cluster-based grants.
- [Clean Energy Fund](#): Gov. Ritter is proposing to increase current funding to the Clean Energy Fund by \$1.4 million, with priority given to economic development incentives for clean energy companies.

Legislative leaders have indicated that the most important issues for the legislature to address in the coming session will be "jobs, jobs, and jobs." The Speaker and President appointed a [Joint Select Committee on Job Creation and Economic Growth](#) just before Thanksgiving. The "Jobs Committee" has proposed nearly two dozen bills.

Colorado holds the distinction of being one of just a handful of states that doesn't provide meaningful incentives to the film industry, in spite of the fact that the state has some of the most spectacular scenery in the world (everything but the ocean!) and a sizable film industry base. Rep. Tom Massey, working with the [Colorado Film Commission](#), is sponsoring bi-partisan (Rep. Anne McGihon and Senators Nancy Spence and Dan Gibbs will co-sponsor) legislation that will create a performance-based, transferable tax credit incentive. [HB 09-1010](#), as amended by the House Finance Committee, will make the tax credit refundable and in an amount up to 10% of a production company's qualified expenditures. See the [fiscal note on HB 09-1010](#) for more detail.

## **Insurance**

### **Property/Casualty**

A return to no-fault insurance, HB 09-1226, was introduced and short-lived. Senator Morgan Carroll has introduced two bills that are being opposed by the insurance industry. [SB 09-061](#) would require that any internal review of an insurance claim, independent medical exam or utilization review would have to be done by a licensed Colorado health care professional in good standing. The bill has now passed the Senate and is awaiting hearing in the House.

Senator Carroll's other controversial bill is [SB 09-103](#), which would make pay or bonuses based on denial of insurance claims an unfair insurance practice. This issue is currently addressed in [10-1-101, C.R.S.](#) This bill has also passed the Senate and is awaiting hearing in the House. Opponents of both bills (the P/C insurance industry) argue that the bills are both unnecessary because of current statutes.

### **Workers' Compensation**

This year, as in each of the past several years, the claimants' attorneys (WCEA) brought a "wish list" of issues to be addressed in legislation during the 2009 legislative session. Some of the issues were procedural in nature and several dealt with increased benefits. Also as in past years, the claimants' attorneys on the one side and insurers and employers on the other negotiated at length on the proposed changes. Ultimately, there are two bills moving through the legislature that will make changes to the workers' compensation act. These are [SB 09-168](#), dealing with procedural changes and [SB 09-243](#), dealing with benefits. The National Council on Compensation Insurance (NCCI) has produced a cost estimate on passage of SB 09-243 and their estimate is that it will generate minimal ( $\pm 0.7\%$ ) additional cost to the overall workers' compensation system. Both bills have now passed the Senate and are awaiting 2<sup>nd</sup> reading debate in the House of Representatives, with minimal opposition.

## Oil and Gas Regulations

During the summer of 2008, the [Colorado Oil & Gas Commission](#) was engaged in rule-making pursuant to HB 07-1298 and HB 07-1341. The annual rule review bill, [HB 09-1292](#) caused rancorous, partisan and lengthy debate in both houses because of the rules dealing with oil and gas drilling.

## Local Government

Again this year, we saw legislation – [HB 09-1192](#) – which would allow grocery stores to sell the same products as liquor stores, rather than being restricted to 3.2 beer. After intense lobbying on both sides, the bill failed to pass from committee.

This year has also seen the introduction of several bills dealing with urban renewal and tax increment financing. Generally, URA's and TIF is supported by cities and municipalities. Subsequent to the successful re-development, counties and special districts are often desirous of sharing in the increased sales and property tax revenues, claiming that the need for services they are required to provide has increased. This seems to be an annual struggle between the state's cities and counties. Bills this year included [HB 09-1070](#), which has died in committee and [HB 09-1327](#), which is scheduled for hearing in the House Local Government Committee.

Another very important bill to local governments is [SB 09-180](#), concerning collective bargaining by employees of public safety agencies. The bill applies only to local government police and fire personnel, so there is no fiscal impact to the state. The bill is awaiting 2<sup>nd</sup> reading debate in the Senate.

## Labor

An extremely controversial bill this year that is being advocated by organized labor and opposed by business groups such as CACI, C3 and the Metro Denver Chamber of Commerce is [HB 09-1170](#). This bill deals with unemployment benefits for locked out employees. The bill has passed the House and is awaiting hearing in the Senate State Affairs Committee.

## Water

*You know the line – “whiskey's for drinkin', water's for fightin'”!*

We have seen legislation introduced this year - [HB 09-1129](#) - to allow rural homeowners, and in some cases urban homeowners, to capture (harvest) and use rainwater. The bill has passed both houses and is awaiting the Governor's signature. Also, [SB 09-080](#) has now passed the Senate and the House on 2<sup>nd</sup> reading and will likely be finalized in the coming week.

Rep. Kathleen Curry and Senator Jim Isgar have introduced legislation dealing with ownership of water produced as a byproduct of oil and gas production – [HB 09-1303](#). Current water law is not clear on this issue and it is sure to be controversial because of potential impact on senior water rights.

## Summary

This has been a busy, contentious and often highly partisan legislative session. The normal tension of the legislature at this point in the session has been greatly exacerbated by the severe budget and financial crisis the state is experiencing. Legislative leadership is working diligently to wrap up the work of the legislature at least a few days ahead of deadline, as in the past several years. There seems to be consensus that the General Assembly may have to return in special session during the summer and fall in order to further refine the FY 2009-10 budget.

[State Treasurer Cary Kennedy](#) has also made available online the [State Taxpayer Accountability Report](#) (STAR) that includes valuable information on the state's budget. [Colorado State Controller David J. McDermott](#) also has made available online the [Comprehensive Annual Financial Report \(CAFR\)](#) for FY 2007-08. This is an extremely detailed look (244 pages) at the state's finances as of June 30, 2008. It should be noted that this report does not include events that have happened since the economic downturn. It is, however, extremely interesting reading for policy wonks and gives an excellent overview of state government.

Finally, if you would like to become more involved or actually contact your local legislators, the [Colorado Municipal League](#) has put together an excellent listing of [Senators](#) and [Representatives](#) by district and municipalities, as well as by [committee assignments](#) and the lists include contact information for the legislators.

We sincerely hope that this review of the 2009 Colorado Legislative Session at the 80-day mark is of interest and use to you and your colleagues. We encourage you to share it with others that you think might find it interesting. Also, please feel free to visit our website at [www.lobbycolorado.com](http://www.lobbycolorado.com) for more information as the session progresses.

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March 29, 2009*