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## Legislative Update: March 29, 2017



### Senate Bill 17-267 Concerning the Sustainability of Rural Colorado

**Sen. Jerry Sonnenberg**, R-Sterling, has introduced Senate Bill 267 as a vehicle to address a number of issues important to rural Colorado – hospitals, transportation and education. Here is a quick look at provisions of the bill.

**Senate Sponsors** – Sen. Jerry Sonnenberg and Sen. Irene Aguilar, D-Denver

**House Sponsors** – Rep. K.C. Becker, D-Boulder, and Rep. Jon Becker, R-Fort Morgan

SB 267 would do the following:

**Section 1** – Provides additional funding to school districts that are classified by the Colorado Department of Education as "rural" or "small rural." These designations apply to 147 school districts. Starting in July 2017, SB 267 calls for the following transfers to the Public School Fund:

2017 – \$79 million  
2018 – \$160 million  
2019 – \$160 million

These transfers would be taken from the General Fund money that would have been transferred to the Highway Users Tax Fund (HUTF).

**Section 2** – Starting in 2018-19, all state department budgets would be presented to the Office of State Planning and Budget (OSPB) with 2 percent reductions from budgets presented for the 2017-18 budget. OSPB is directed to "strongly" consider the 2 percent reductions when preparing the governor's budget proposal.

**Section 3** – Eliminates statutory requirements and allows the General Assembly, beginning in July 2018, to transfer General Fund money to the Capital Construction Fund or Highway Users Tax Fund.

**Section 4** – Lowers the Referendum C spending cap for 2017-18 and subsequent fiscal years. Following a recession and the resulting budget cuts required under the Taxpayer's Bill of Rights, voters passed "Ref C" in 2005. It allowed a five-year time-out from TABOR's spending limits. Tax revenue above the TABOR limit could be spent only on K-12 education, higher education, health care and transportation. Ref C also set a new cap based on the prior year's cap, thereby eliminating the "ratchet effect."

**Section 5** – Allows the state to issue Certificates of Participation (COP) and execute lease-purchase agreements for some state property to fund Capital Construction and Highway Projects. The total amount allowed to be raised is not to exceed \$1.3 billion.

**Section 6** – Creates the "Colorado Healthcare Affordability and Sustainability Enterprise Act of 2017." This would repeal the hospital provider fee, create an enterprise fund and establish a new sustainability fee. As an enterprise fund, this money would be excluded from TABOR's revenue limit. This section also lowers the TABOR revenue cap by \$670 million. This section outlines all of the duties required to administer the enterprise fund, including the creation of the board to oversee the fund.

**Section 19** – Outlines what transportation projects are allowed under the bill. Twenty-five percent of the funding must be spent for projects in counties that have populations below 50,000. This section also mandates additional funding in certain areas, including bike lanes, pedestrian travel and transit.

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