



Principles of Liberty | May 4 Report

2015 – Week 17

It's the LAST WEEK of the 2015 session! Here are a handful of bills to add.

HB 15-1382 Work Force Innovation And Opportunity Act

Oppose

The bill changes the title of the "Colorado Work Force Investment Act" to the "Colorado Work Force Innovation and Opportunity Act" and aligns the current state statute with the federal "Workforce Innovation and Opportunity Act" (Act). Pursuant to the opportunity created by the Act, the bill allows for the establishment of standing committees to address local work force area issues. Pursuant to federal requirements, the bill requires a one-stop career center that receives federal work force funds from the United States department of labor to provide veterans priority employment and training services.

This legislation opposes the principles of:

- Personal Responsibility
- Limited Government
- Fiscal Responsibility

SB 15-279 Surety Reqmnt For Appealing Tax Bills Claimed Due

Support

Currently, a taxpayer who wishes to challenge a notice of deficiency in a tax case first goes to an administrative hearing, and then can appeal to district court. In order to appeal to district court, the taxpayer either must post a bond for two times the tax due or pay the tax to the Department of Revenue. Current law requires a taxpayer wishing to appeal a final determination of the executive director of the department of revenue or a final determination of a local government, within a specified time after filing a notice of appeal, to either set aside twice the amount of the taxes, interest, and other charges stated in the final determination by filing a surety bond in such amount with the district court, or set aside twice the amount of the taxes, interest, and other charges stated in the final determination by establishing a savings account, deposit account, or certificate of deposit for such amount at a state or national bank or a state or federal savings and loan association doing business in the state, or deposit the disputed amount with the executive director of the department of revenue. If the taxpayer chooses this option the interest accrual is tolled. The bill would make the bond or payment optional until 14 days after an adverse ruling by the district court.

This legislation supports the principles of:

- Property Rights
- Limited Government

SB 15-282 Jump-start Prog Econ Dev Distressed Counties

Oppose

This bill provides tax benefits to approved new businesses that locate inside a rural jump-start zone and establish a relationship with a state institution of higher education, junior college, or an area vocational school. A rural jump start zone is an area within a distressed county. The business must be new to the state, hire at least five new employees, and not directly compete with the core function of a business that is already operating in the state. The bill defines a distressed county as a county with a population less than 250,000 reflecting certain indicators of economic distress, such as lower per capita income than the state average, lower gross

domestic product than the statewide average, unemployment levels higher than the statewide average, a declining workforce, or a higher concentration of pupils eligible for free lunch compared to the statewide average. A new business that establishes a relationship with a state institution in a rural jump start zone will receive the following state tax benefits in addition to county and municipality incentives, an income tax credit equal to 100 percent of the income taxes imposed on the income derived from the new business activities in the tax-friendly zone, and a sales and use tax refund on the purchase of all tangible personal property acquired by the new business and used exclusively within the tax-friendly zone. In addition, new employees of the business are entitled to receive an income tax credit equal to 100 percent of their wages.

This legislation opposes the principles of:

- Free Markets
- Limited Government

SB 15-288 Compensation Of State & County Public Officials Not Rated

Under current law, the salary of legislators and the salary of certain state officials are set in statute. This bill aligns the salaries paid to State Legislators, the Governor, the Lieutenant Governor, the Secretary of State, the Attorney General, and the State Treasurer, with the salaries paid to certain judicial branch officials. The new salary amount must be adjusted every four years to maintain the alignment. The adjustments take effect for terms beginning in January 2019.

Under current law, counties are divided into six categories for purposes of fixing the salaries of elected county officials. This bill increases the number of categories to 24. The bill continues to group the same counties that are grouped together under current law into 6 of the new categories with higher salaries than county officials receive under current law. The general assembly is specifically authorized to amend the law in the future to move counties between categories.

The Director of Research of the Legislative Council is directed to periodically adjust the salaries of elected county officials for inflation. Salary amounts must be posted on the General Assembly's web site and take effect for terms following the published adjustment.

Table 1. Proposed Salaries for Selected State Officials Under SB15-288

State Official	Current Salary	Salary Aligns with	FY 2015-16 Justice Salary	% of aligned salary	FY 2019-20 State Official Salary*
State Legislators	\$30,000	Class B County Court Judge	\$152,466	25%	\$41,828
Governor	90,000	Chief Justice State Supreme Court	176,799	66%	128,049
Attorney General	80,000	Chief Judge Court of Appeals	169,977	60%	111,916
Lieutenant Governor, Secretary of State, Treasurer	68,500	Class B County Court Judge	152,466	58%	97,040

The topic of pay for legislators and other elected officials is always a sticky subject. Pay for these positions in Colorado is low compared to other states. While the legislative session only runs 120 days, many of these legislators are quite busy year-round with standing committees, various commissions, etc. It can be a fairly heavy schedule year round. There are arguments to both sides of this one.

In the private market, talent is attracted by competitive pay. The reality is that the pay for these state jobs isn't very competitive with private industry. The CEO, or a board of directors / senior management, or the general counsel, or the CFO of an organization with a \$25 billion budget and the number of employees similar to what the state has, would command far higher compensation in the private market than what the state offers. These levels of state pay would most likely require a significant pay cut for someone in the private market to leave a similar job to take on a similar role at the state. In addition, the level of pay for a legislator is not only low, but the VERY full time nature of the job makes it impossible to do anything else during session other than work in the legislature – there's no time or moonlighting, that's for sure. The hours are long and the stress significant. That leaves the other 2/3's of the year to make up for lost time. There aren't a whole lot of seasonal careers that match up well with having to be fully dedicated to the legislature for the first 1/3 of the year. Many who are running a business or in business for themselves simply could not afford to be away from their business for 1/3 of the year. Those who are employees with good-paying jobs can't just check out for 1/3 of a year. The median household income in Colorado is about \$58,000. This number varies widely across the state. The median in Douglas County, for example, is about \$102,000. The bottom line is that there are many, many talented people who would not even consider dropping out of their current position in their prime earning years to run for legislature.

On the other hand, there is the idea of the citizen-legislator as opposed to the career politician, the concept that serving in the legislature is an honor and a call to duty, which only those who are committed to serve will pursue.

POL is not rating this legislation because we can see both sides. However, we do believe it is a topic that should be considered and debated, without attacking ones motives ("You greedy so-n-so's only want to vote yourself a raise!") and without apology ("I'm sorry that I feel that I'm worth more than what I'm being paid, but this just isn't worth the sacrifice.") The problem at this juncture is that running such legislation with only days left to go in the session leaves no time for any serious consideration or debate to take place. The pay for these positions has been lagging for some time, and there should be some serious discussion about it that allows everyone to weigh in on the issue and how to approach it in a rational manner.