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Sent: Friday, April 18, 2008 1:52 PM

To: Scott Downes

Subject: CCLP's Policy Matters

April 2008

CCLP's Policy Matters

Colorado Center on Law and Policy/Colorado Fiscal Policy Institute

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EITC Update: Wait 'til next year!

Tax relief for working families narrowly fails in committee

Following more than three hours of spirited debate on April 2nd, H.B. 1362 failed in the House Finance Committee by a vote of 4-7. The bill would have restored the state Earned Income Tax Credit (EITC) for two years, providing much needed tax relief to 264,000 low-income working Colorado households and pumping \$52 million a year into local economies.

The main contention over the bill was the funding mechanism, as most of the House Finance Committee and nearly all of the witnesses testifying, which included advocates, counties, and state officials, agreed that restoring the EITC was good policy.

"A state EITC is good, effective policy," said Kathy White, Project Director for the Colorado Fiscal Policy Institute. "The disagreement over this legislation was not about the merits of EITC, but rather how it should be funded. Because of that, we hope that the state EITC becomes part of long-term economic policy in Colorado, and we will continue working toward that goal."

Primary opposition to the bill came from county governments who opposed using a portion of the nearly \$140 million in unspent federal money in the county reserves to fund a state EITC for two years.

[Full Press Release](#)

- [State of Working Colorado 2007](#)
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Single Sales Factor: Who is it helping and who is it hurting?

What we don't know about corporate income

The House Finance Committee voted on April 9th, by a 10-1 margin, to move forward with H.B. 1380, which would change the corporate income tax system to the so-called "Single Sales Factor." In doing so, the Committee added two amendments to the legislation that would implement corporate reporting and accountability measures.

Carol Hedges, COFPI's Senior Fiscal Analyst, said, "While we continue to have concerns and questions about the overall impact of this legislation, we applaud the House Finance Committee for their thoughtful deliberation and for adding some element of accountability and transparency."

Allowing the state to require corporate reporting and a 5-year impact report to the legislature on the effects of changing to a Single Sales Factor system is an encouraging step for better state fiscal transparency.

The Denver Business Journal reported that "members of the Colorado House Finance Committee heard from a long list of business representatives, most opposing a proposal to change the state's corporate income tax system."

H.B. 1380 would reward some companies with a \$5 million tax cut and a specific carve-out for mutual fund companies, but it would raise taxes on 70 percent of Colorado businesses.

Representatives of AT&T, Waste Management, and several other companies all testified at the hearing that this is not good overall tax policy for Colorado.

[COFPI Statement following House Finance Committee action](#)

[COFPI Press Release on corporate disclosure](#)

Rocky Mountain News: Tax proposal likely to cost businesses

Health Care Reform Update: What's moving in the statehouse

CCLP weighs in on new legislation

A number of new health care bills have been introduced over the past two weeks. CCLP supports H.B. 389, which would require prior approval of health insurance rates and add disclosure requirements regarding how health insurance carriers rate setting and their profitability.

The most significant bill to be introduced recently is S.B. 217, which sets in motion a process for the State of Colorado to solicit bids from private insurance companies to offer a basic benefits package in the state.

CCLP agrees with the premise of some aspects of the bill, for example the bill contemplates that Colorado would move to a requirement that all Coloradans have health insurance, that the basic benefits package would be issued to anyone who applies and be subsidized for some low income people, and that Medicaid would be available to anyone under 100% of the Federal Poverty Level.

CCLP's serious concerns about the bill include: the bill leaves the state dependent on health insurance companies to develop a 'take it or leave it offering' that would be the basic plan for the state; there is an assumption in the bill about what is affordable for Coloradans; there is serious potential for very high administrative costs; and unless structured very carefully the proposed plan poses the risk of destabilizing the individual health insurance marketplace. CCLP, at this point, continues to work to amend the bill.

Medicaid Regulations: CCLP, COFPI join other groups to help push back health care cuts

Update on fed's attempt to cut vital health care services

Earlier this month, a Congressional subcommittee held a hearing to considering legislation (H.R. 5613), which passed out of committee, to put moratoria on a series of Medicaid regulations that would severely cut critical health care programs for some of the most vulnerable communities in Colorado. Advocacy groups from 45 states, including CCLP and COFPI, have helped push Congress to implement the moratoria on these regulations.

The Bush Administration is still poised to veto any attempt to turn back these cuts, but the ranking Republican member of the House Energy and Commerce Committee has urged the White House to accept this bipartisan plan.

This is encouraging news, to say the least. CCLP and COFPI will continue efforts to help build support for preserving this funding. Otherwise, these regulations could have devastating consequences for vulnerable populations including children with developmental disabilities, foster children, kids who access health care at school, people transitioning back to the community from institutional care, and low-income uninsured people who received hospital care. Other examples include school transportation for children with special health needs, Colorado's indigent care program which serves 180,000 people, special education services, and federal funding for teaching hospitals.

The 2007 Paycheck Away Project: A documentary

Coalition releases film highlighting plight of lower-income Coloradans

What happens when a medical emergency means you might lose your home or not be able to make rent? What happens when you have to choose between dinner for your family or paying the heating bill? How can you decide between paying for gas or bus fare to get to work or paying for health care for your kids?

These are just some of the heartbreaking decisions that many Coloradans are facing everyday-and it's not just low-income households. Hundreds of thousands of families are just one paycheck away from falling into the cycle of poverty.

The 2007 Paycheck Away Tour, sponsored by nine different statewide nonprofit and advocacy groups, was a series of community forums held around Colorado aimed at identifying solutions to hunger, homelessness, health care, and the persistent cycle of poverty.

One outcome of the tour was a documentary the coalition produced, capturing what went on in those forums, what was discussed among residents and experts, what was felt by neighbors and communities, and what common-sense solutions were conceived.

The full-length 15-minute film features footage from real people with real struggles from all over the state.

Check out a shorter 8-minute version of the film right here, and find out more about what life is like when you're one paycheck away from living in poverty.

[A Paycheck Away Documentary](#)

New Report: Income gap growing in Colorado

Gulf widening between rich and poor, middle-class

The Center on Budget and Policy Priorities, along with the Economic Policy Institute, released a groundbreaking national study this month called, Pulling Apart: A state-by-state analysis of income trends. The study shows that the income gap in Colorado is rapidly growing and reveals larger gaps between high-income earners and low- and middle-income families now than in previous decades.

"This study validates much of what we already suspected about income inequality," said Kathy White, Project Director at the Colorado Fiscal Policy Institute (COFPI). "Low- and middle-income families are struggling with stagnant wages, while the wealthy are seeing strong income growth."

[Press release on report.](#)

[Click here for State Fact Sheets and Full Report](#)

Promotions

CCLP in the Media

In recent weeks, CCLP and COFPI staffers have been making the rounds in the press.

Kathy White was featured in this Colorado Springs Gazette [story](#) about the fate of the EITC bill, which also highlighted the nearly \$140 million that counties have stockpiled in their reserves.

A Denver Post [story](#) questioning food pricing practices of area grocery stores and how that impacts low-income families also quoted Kathy.

And Kathy was featured in this Public News Service [interview](#) on the new study showing a growth in the income gap in Colorado.

Elisabeth Arenales, CCLP's Health Program Director, appeared as part of a Rocky Mountain PBS panel to discuss the new Frontline special on health care called, "Sick Around the World," which aired on April 15th.

Carol Hedges was quoted in this Denver Business Journal [article](#) about business opposition to the so-called Single Sales Factor bill.

[Click here to read and hear interviews and stories.](#)

Grant Announcements

The Charles Stewart Mott Foundation awarded \$50,000 to COFPI this month for continued work as part of the State Fiscal Analysis Initiative.

The entire CCLP and COFPI team is deeply appreciative and tremendously grateful for the continued support from the Chambers Family Fund.

Long Bill Update

The Long Bill is moving through the legislature this month. Check out the below link to a COFPI issue brief to learn more about how the budget debate is unfolding.

Long Bill Update

2008 Economic Self-Sufficiency Tables

The new 2008 Colorado Economic Self Sufficiency Standard Tables are now available on the Colorado Department of Local Affairs website. Click [here](#) to find out what it takes for your family to make ends meet in Colorado.

The Colorado Self-Sufficiency Standard measures how much income is needed for a family of a given composition in a given place to adequately meet their basic yet needs-without public or private assistance. The Colorado standard measures this for 70 different family types in each of Colorado's 64 counties.

For more information about the tables and the Colorado Self-Sufficiency Standard, please contact Tracey Stewart at 303-573-5669 ext. 314 or tstewart@cclponline.org.

Self-Sufficiency Tables

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