



The Wright Group Services

*Connecting Employers with
Benefits & Insurance Solutions*

The Wright Group Presents 2011 Colorado Legislative Update

Denver: May 25, 2011

Boulder: May 26, 2011

State Representative **Spencer Swalm**

Legislative Council Chief Economist **Natalie Mullis**

About the Wright Group and our Guests

- House keeping
- TWG
- Sponsors
- Introductions of guests
- Natalie Mullis
- Spencer Swalm



Summary of 2011 Legislation Concerning Employer and Employee Relations (Cont.)

Bill Number & Sponsors	Short Title	Description	Status as of May 15, 2011
<p>Senate Bill 11-129</p> <p><i>Sen. Harvey</i></p> <p><i>Rep. (None)</i></p>	<p>Require Employers to Use E-Verify</p>	<p>The bill would have created the Fair and Legal Employment for Coloradans Act and repealed the current requirements for employers to examine and retain records concerning the legal work status of new employees. It would have required all nongovernmental employers in the state to participate in the federal Department of Homeland Security/Social Security Administration's E-Verify Program for purposes of verifying work eligibility status of all new employees.</p>	<p>Postponed Indefinitely</p>

Summary of 2011 Legislation Concerning Employer and Employee Relations (Cont.)

Bill Number & Sponsors	Short Title	Description	Status as of May 15, 2011
<p>House Bill 11-1309</p> <p><i>Rep. Baumgardner</i></p> <p><i>Sen. Renfroe</i></p>	<p>Unauthorized Employment and Human Smuggling Prevention Act</p>	<p>The bill would have required an employer to respond within 20 days to a request from the Director of the Division of Labor in the Colorado Department of Labor and Employment (CDLE) for employment verification documentation. It would have allowed for one extension of up to 10 business days, after which the employer could have been fined up to \$5,000 for a first offense and up to \$25,000 for subsequent offenses. An employer that made a good faith effort to comply would have been immune from a fine.</p>	<p>Postponed Indefinitely</p>

Summary of 2011 Legislation Concerning Employer and Employee Relations (Cont.)

Bill Number & Sponsors	Short Title	Description	Status as of May 15, 2011
<p>House Bill 11-1070</p> <p><i>Rep. Soper</i></p> <p><i>Sen. Tochtrop</i></p>	<p>Public Works Prevailing Wages and Benefits</p>	<p>The bill would have required that contractors and subcontractors on state public works contracts worth more than \$100,000 pay prevailing wages and fringe benefits to their workers, and pay their employees at least weekly. Contractors and subcontractors would have been required to furnish payroll records to the director of the Division of Labor in the Colorado Department of Labor and Employment (CDLE) each week and prominently post prevailing wages and fringe benefits information.</p>	<p>Postponed Indefinitely</p>

Summary of 2011 Legislation Concerning Workers' Compensation

Bill Number & Sponsors	Short Title	Description	Status as of May 15, 2011
<p>Senate Bill 11-199</p> <p><i>Sen. Tochtrop</i></p> <p><i>Rep. Riesberg</i></p>	<p>Workers' Compensation</p>	<p>The bill makes four changes to the Workers' Compensation Act including:</p> <ul style="list-style-type: none"> • requiring an employer to admit liability for medical benefits after maximum medical improvement in certain circumstances; • repealing the condition that all parties agree to engage in discovery for a hearing; • requiring the employer or insurer to advance the claimant's expenses, if requested by the claimant, for attending an examination requested by the employer or insurer; and • clarifying that the lump-sum provision in Senate Bill 10-187 applies to all requests for lump-sum payments, regardless of the date of a claimant's injury. 	<p>Awaiting Governor's Signature</p>

Summary of 2011 Legislation Concerning Taxes

Bill Number and Sponsors	Short Title	Description	Status as of May 15, 2011
<p>Senate Bill 11-086</p> <p><i>Sen. Foster</i></p> <p><i>Rep. Murray</i></p>	<p>Appeal Periods & Local Sales Use Tax</p>	<p>Under current law, before requesting a hearing at the Department of Revenue, a taxpayer appealing a local government sales and use tax deficiency notice or refund claim denial must exhaust local remedies. This bill defines events that individually constitute an exhaustion of local remedies. The bill authorizes parties in local sales and use tax appeals to extend or accelerate, by written agreement, deadlines for local government action.</p>	<p>Signed into Law</p>

Summary of 2011 Legislation Concerning Taxes (Cont.)

Bill Number and Sponsors	Short Title	Description	Status as of May 15, 2011
<p>Senate Bill 11-223</p> <p><i>Sen. Hodge</i></p> <p><i>Rep. Gerou</i></p>	<p>Extend Vendor Fee</p>	<p>This bill temporarily reduces the fee that vendors retain for compensation of sales tax collection expenses between July 1, 2011, and June 30, 2014, from the current statutorily amount of 3.33 percent of the sales tax they collect to 2.22 percent. The fee was suspended for FY 2009-10 and FY 2010-11.</p>	<p>Signed into Law</p>

Summary of 2011 Legislation Concerning Taxes (Cont.)

Bill Number and Sponsors	Short Title	Description	Status as of May 15, 2011
<p>Senate Bill 11-184</p> <p><i>Sen. Steadman</i></p> <p><i>Rep. Ferrandino</i></p>	<p>Tax Reporting</p>	<ul style="list-style-type: none"> • The bill requires the Department of Revenue to conduct a tax amnesty program from October 1, 2011, through November 15, 2011. • The department is also required to prepare a biannual tax profile and expenditure report by January 1 of every odd-numbered year thereafter. 	<p>Awaiting Governor's Signature</p>

Summary of 2011 Legislation Concerning Taxes (Cont.)

Bill Number and Sponsors	Short Title	Description	Status as of May 15, 2011
<p>Senate Bill 11-026</p> <p><i>Sen. Scheffel</i></p> <p><i>Rep. Holbert</i></p>	<p>New Business Personal Prop Tax Exemption</p>	<p>The bill would have exempted from property tax an increasing percentage of all business personal property first used in a business in future property tax years.</p>	<p>Postponed Indefinitely</p>

Summary of 2011 Legislation Concerning Taxes (Cont.)

Bill Number and Sponsors	Short Title	Description	Status as of May 15, 2011
<p>House Bill 11-1005</p> <p><i>Reps. Sonnenberg and Becker</i></p> <p><i>Sen. Brophy</i></p>	<p>Reinstate Tax Exemption for Agriculture Products</p>	<ul style="list-style-type: none"> • The bill reinstates the exemption from sales and use taxes for the sale or storage, use, or consumption of agricultural compounds used in caring for livestock, semen for agricultural and ranching purposes, and pesticides for use in the production of agricultural and livestock products. • This bill repeals House Bill 10-1195 that suspended this exemption through June 30, 2013. The bill reinstates the exemption between the effective date of the bill and June 30, 2013. The exemption will remain after June 30, 2013. 	<p>Awaiting Governor's Signature</p>

Summary of 2011 Legislation Concerning Taxes (Cont.)

Bill Number and Sponsors	Short Title	Description	Status as of May 15, 2011
<p>House Bill 11-1081</p> <p><i>Rep. Brown</i></p> <p><i>Sen. Schwartz</i></p>	<p>LPG Vehicles Included for Incentives</p>	<p>Starting with tax year 2014, the bill makes vehicles converted to run on liquefied petroleum gas (LPG), or propane, eligible for the state's income tax credit for alternative fuel or innovative vehicles.</p>	<p>Awaiting Governor's Signature</p>

Summary of 2011 Legislation Concerning Taxes (Cont.)

Bill Number and Sponsors	Short Title	Description	Status as of May 15, 2011
<p>House Bill 11-1265</p> <p><i>Rep. Stephens</i></p> <p><i>Sen. Johnston</i></p>	<p>Sales & Use Tax Refund Claims</p>	<p>The bill extends the period of time during which a taxpayer may claim a sales tax refund when disputed at the point of purchase. Under current law, all claims for refund must be made by the taxpayer within 60 days of the date of purchase. This bill would increase the period to three years of the date of purchase. The bill applies to all refunds of sales or use tax filed before, on, or after the effective date of the bill.</p>	<p>Awaiting Governor's Signature</p>

Summary of 2011 Legislation Concerning Taxes (Cont.)

Bill Number and Sponsors	Short Title	Description	Status as of May 15, 2011
<p>House Bill 11-1293</p> <p><i>Reps. Stephens & Murray</i></p> <p><i>Sens. Jahn & Newell</i></p>	<p>Repeal HB 10-1192 Related to Software</p>	<p>The bill defines tangible personal property to exclude standardized computer software, effectively restoring a sales and use tax exemption that was repealed by House Bill 10-1192, effective July 1, 2012. Computer software will be subject to tax only if it is prepackaged for repeated sale or license, governed by a tear-open nonnegotiable license agreement, and delivered to the customer in a tangible medium. To be considered software, a downloaded file must provide a series of instructions designed to cause a computer to perform a task. Therefore, downloads of digital goods, such as music and books, are not considered software, are not affected by the bill, and remain taxable.</p>	<p>Awaiting Governor's Signature</p>

Summary of 2011 Legislation Concerning Taxes (Cont.)

Bill Number and Sponsors	Short Title	Description	Status as of May 15, 2011
<p>House Bill 11-1162</p> <p><i>Rep. Balmer</i></p> <p><i>Sen. (None)</i></p>	<p>Sales Tax Exemption for Soft Drinks</p>	<p>This bill would have restored the sales and use tax exemption for the purchase of soft drinks, including purchases through vending machines and for off-premises consumption effective July 1, 2011. The exemption for soft drinks and candy was eliminated by House Bill 10-1191.</p>	<p>Postponed Indefinitely</p>

Summary of 2011 Legislation Concerning Taxes (Cont.)

Bill Number and Sponsors	Short Title	Description	Status as of May 15, 2011
<p>House Bill 11-1314</p> <p><i>Rep. Sonnenberg</i></p> <p><i>Sen. Jahn</i></p>	<p>Enterprise Zone Tax Credit Pre-certification</p>	<p>The bill would have repealed the requirement in current law that a taxpayer located in an enterprise zone obtain pre-certification prior to engaging in an activity for which the taxpayer intends to claim an enterprise zone tax credit.</p>	<p>Postponed Indefinitely</p>

Summary of 2011 Legislation Concerning Taxes (Cont.)

Bill Number and Sponsors	Short Title	Description	Status as of May 15, 2011
<p>House Bill 11-1318</p> <p><i>Reps. Stephens & Schafer</i></p> <p><i>Sens. Spence & Brophy</i></p>	<p>CO Policy Use Tax Due Out-of-state Purchase</p>	<p>The bill would have repealed House Bill 10-1193. Colorado residents are required by law to voluntarily declare and pay use tax on purchases from out-of-state firms of taxable tangible personal property used within the state if sales tax has not already been collected and remitted by the firm. Effective March 1, 2010, House Bill 10-1193 contains two sections designed to improve sales and use tax compliance, both of which would have been repealed by House Bill 11-1318. The bill would have also required an out-of-state retailer with more than \$500,000 in annual gross sales that does not collect Colorado sales tax to notify consumers that use tax may be due on the purchase and prohibits them from advertising that no tax is due on purchases made from the retailer.</p>	<p>Postponed Indefinitely</p>

State of Colorado Economic Forecast

Summary of 2011 Legislation Concerning Unemployment Insurance (Cont.)

Bill Number & Sponsors	Short Title	Description	Status as of May 15, 2011
<p>House Bill 11-1288</p> <p><i>Reps. Liston and Pabon</i></p> <p><i>Sen. Morse</i></p>	<p>Unemployment Insurance Solvency Reform</p>	<p>The bill changes the way the unemployment insurance (UI) system is financed, by:</p> <ul style="list-style-type: none"> • increasing the chargeable wage base from the first \$10,000 to the first \$11,000 paid to an employee; • indexing the chargeable wage base annually to percentage change in average weekly earnings; • consolidating the base premium, socialized surcharge, and solvency surcharge into one combined premium and new solvency surcharge; • creating a new set of premium surcharge rate tables and compressed employer experience ratings; and • establishing a premium credit for employers with a positive experience history when the Unemployment Compensation Fund balance is above 1.6 percent of total wages. 	<p>Awaiting Governor's Signature</p>

Update on Health Care Reform

Reform Requirement	Description
<u>2010/2011</u>	
2010/2011 Mandated Benefits	<ul style="list-style-type: none"> •Remove Pre-existing condition restrictions to 19 •Remove lifetime dollar maximums •Minimum annual dollar maximums •Cover children to 26
<u>2014</u>	
Waiting Period	<ul style="list-style-type: none"> •Waiting Period cannot be greater than 90 days
Auto Enrollment	<ul style="list-style-type: none"> •Plans must automatically enroll newly eligible FT employees and re-enroll existing employees
Pay or Play	<ul style="list-style-type: none"> •Employer makes election. •Impact to employer and employee •Cost vs. Attract/Retain decisions •Formation of Exchanges
<u>2018</u>	
Excise Tax	<ul style="list-style-type: none"> •If plan value exceeds limits, excess will be taxed

Summary of 2011 Legislation Concerning Health Insurance (Cont.)

Bill Number and Sponsors	Short Title	Description	Status as of May 15, 2011
<p>Senate Bill 11-128</p> <p><i>Sen. Newell</i></p> <p><i>Reps. McCann & Summers</i></p>	<p>Child-Only Health Insurance</p>	<p>The bill requires all insurance carriers selling individual health benefit plans in Colorado to provide at least one child-only health benefit plan for children up to age 19, without regard to preexisting conditions, during two specified month-long enrollment periods per year.</p>	<p>Signed into Law</p>

Summary of 2011 Legislation Concerning Health Insurance (Cont.)

Bill Number and Sponsors	Short Title	Description	Status as of May 15, 2011
<p>Senate Bill 11-200</p> <p><i>Sen. Boyd</i></p> <p><i>Rep. Stephens</i></p>	<p>Health Benefit Exchange</p>	<ul style="list-style-type: none"> • The bill establishes a nonprofit organization that will oversee the establishment and operation of a competitive insurance marketplace referred to as a health insurance exchange. • The exchange, which is intended to facilitate access to and enrollment in health benefit plans, will be available for individuals and small groups. • Under the bill, the state will determine the definition of small group, but mostly likely will keep in-line with the current statutory definition of 50 people or less. • The exchange is governed by a 12-member board of directors: 5 voting members to be appointed by the Governor, 4 voting members to be appointed by the General Assembly leadership, and 3 nonvoting members from the Department of Health Care Policy and Financing, Division of Insurance, and Office of Economic Development and International Trade. 	<p>Awaiting Governor's Signature</p>

Summary of 2011 Legislation Concerning Health Insurance (Cont.)

Bill Number and Sponsors	Short Title	Description	Status as of May 15, 2011
<p>House Bill 11-1186</p> <p><i>Rep. Ryden</i></p> <p><i>Sen. Guzman</i></p>	<p>Provider Reimbursement Acupuncture</p>	<ul style="list-style-type: none"> • The bill requires insurance carriers to pay for covered services provided by licensed acupuncturists. The bill is effective January 1, 2012. • The bill does not require health insurance companies to provide coverage for acupuncture, only to provide reimbursement for health benefit plans that offer coverage. 	<p>Signed into Law</p>

Summary of 2011 Legislation Concerning Health Insurance

Bill Number and Sponsors	Short Title	Description	Status as of May 15, 2011
<p>House Bill 11-1143</p> <p><i>Rep. Duran</i></p> <p><i>Sen. Aguilar</i></p>	<p>Concerning the Use of Off-label Prescription Drugs</p>	<ul style="list-style-type: none"> • Current law requires prescription drug coverage for the off-label use of prescription drugs for the treatment of cancer. • The bill would have prohibited a health benefit plan from limiting or excluding coverage for the off-label use of prescription drugs for the treatment of life-threatening diseases and conditions, and for the treatment of chronic and seriously debilitating conditions. 	<p>Postponed Indefinitely</p>

Conclusions

- Political balance is a good thing
- Economy & Jobs
 - Focus on what both parties agree on
- Lingering Issues
 - Hickenlooper Leadership
 - PERA
 - TABOR