

2026: A Legislative Session in Which Business Was Heard

Ed Sealover, VP of Strategic Initiatives & Editor of The Sum and Substance

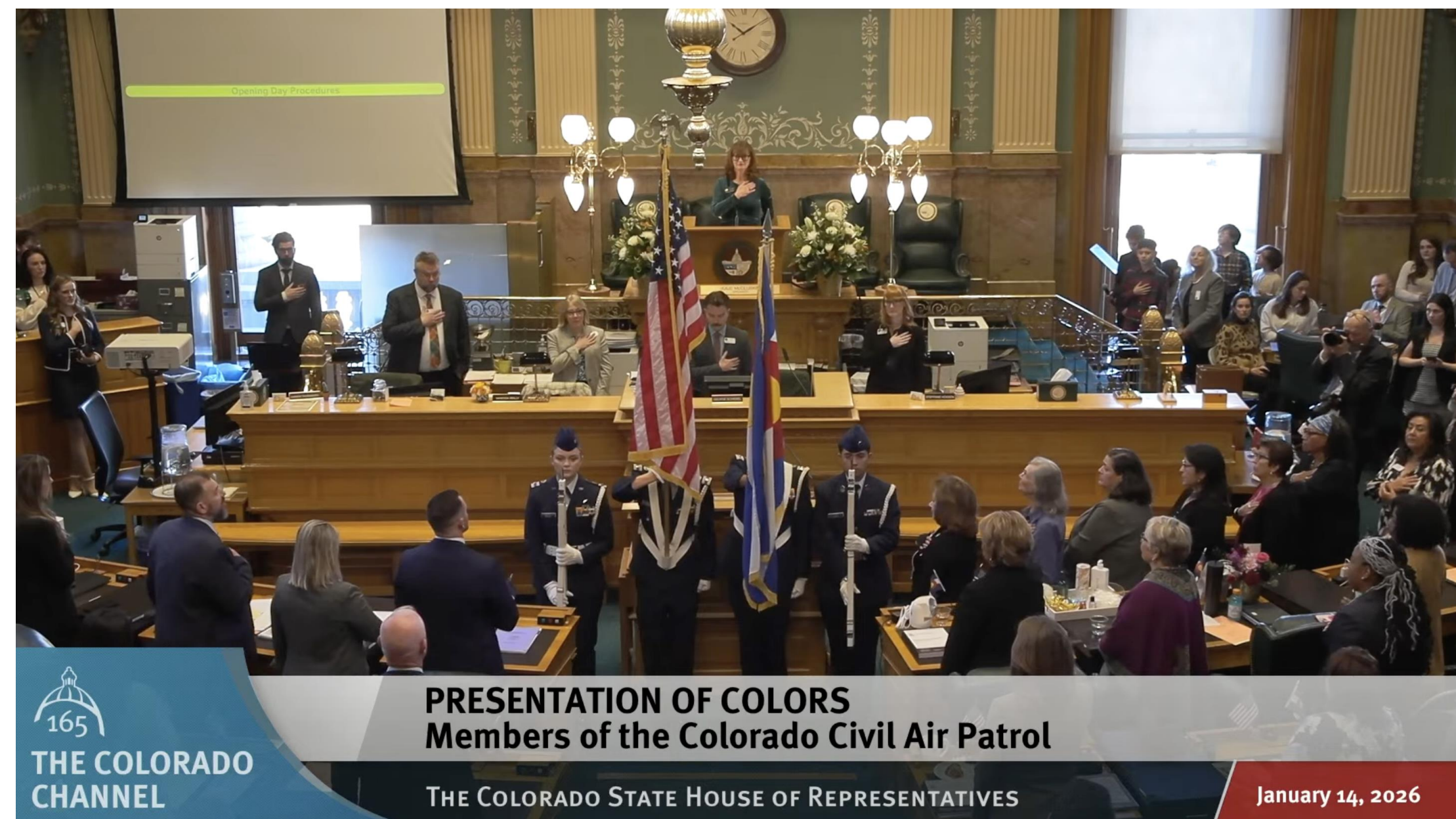


The Composition of the Legislature

House: 43
Democrats, 22
Republicans (one
short of veto-proof
majority)

Senate: 23
Democrats, 12
Republicans (one
short of veto-proof
majority)

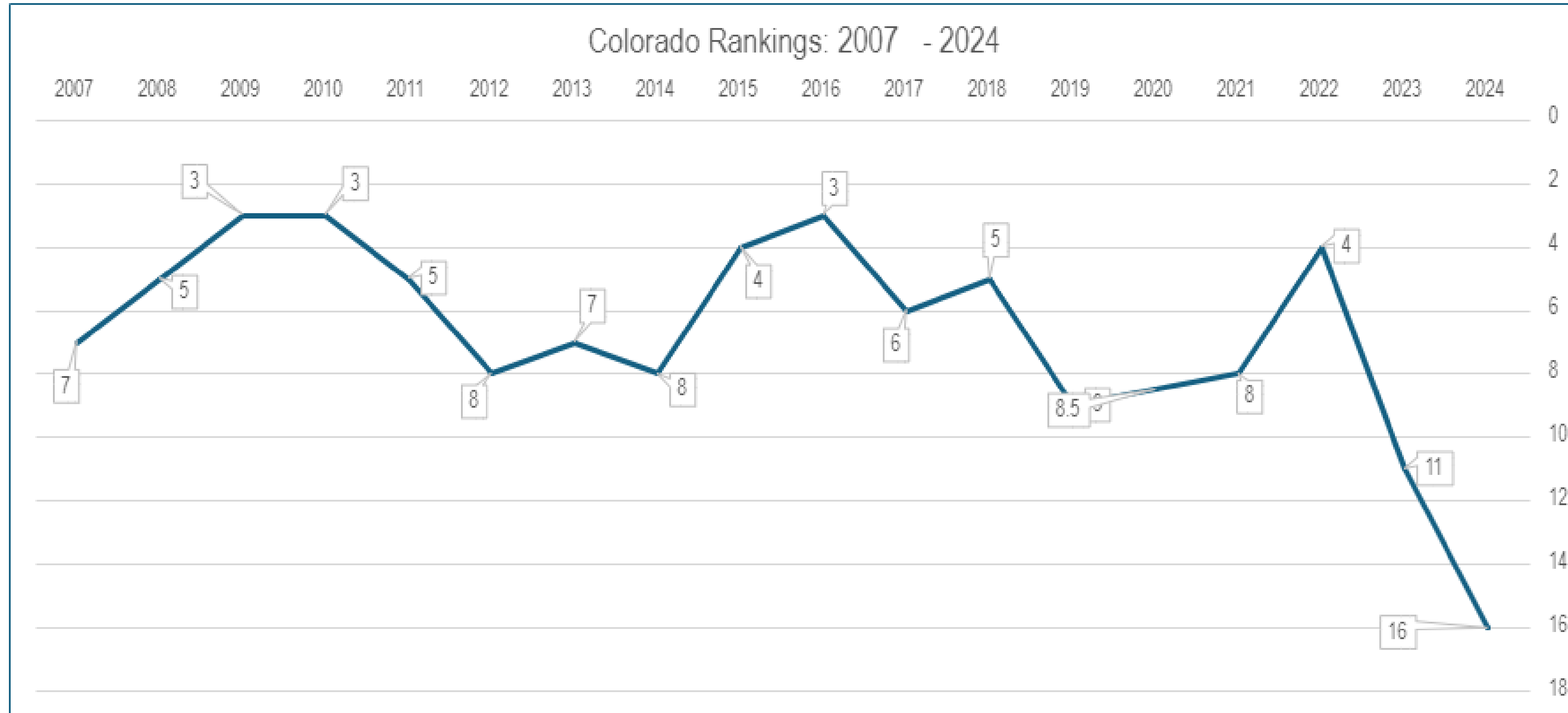
Governor: 1 term-
limited, increasingly
independent-
minded Democrat



The Big Issues

- *Affordability: Colorado #48, according to USN&WR*
- *Regulations: Colorado 6th-most regulated, according to Colorado Chamber-commissioned study*
- *Workforce Housing: #2 issue, according to Chamber surveys*
- *Emerging Economic Sectors like Artificial Intelligence and Data Centers*
- *\$1.5 Billion Budget Shortfall: Spending problem or revenue problem?*

CNBC Business Friendliness Rankings



Regulatory Reform: A bipartisan idea

Senate Bill 137 (Passed 90-8) will:

- Require regulatory review no less than every five years by each agency***
- Examine whether rules are outdated, duplicative or not functioning as expected***
- Allow legislators to request sunset reviews or audits***



Regulatory Increases did not fare as well

DEAD Bills

- *House Bill 1054: Allow state regulators to write workplace safety rules*
- *House Bill 1121: Require companies to list emissions on websites*
- *House Bill 1273: Limit % of ride fees that rideshare companies keep*
- *House Bill 1267: Limit medical-debt collections*

AMENDED Significantly

- *HB 1272: Protection of workers in extreme temperatures*
- *HB 1424: Rideshare Safety*

Affordability Question: Cut rules or increase rules?

Cut rules

- ***Senate Bill 182: Allow public utilities and co-ops to extend deadline for 80% emissions cuts***
- ***Senate Bill 20: Streamline childcare licensure, make it easier for centers to open***



Affordability Question: Cut rules or increase rules?

Add rules

- ***House Bill 1012: Limit pricing for “captive consumers” at airports, sports venues, festivals (Dead)***
- ***Surveillance pricing bill would limit use of online surveillance data to set prices and wages (???)***



Housing: Same Goal, different ideas

Democrats' package

- **Let nonprofits and schools build** ✓

- **Tax incentives for transit-area housing** ✓

- **Ban minimum lots under 2,000 square ft.** ✗

- **Allow lot-splitting** ✗



Other Housing Ideas

- ***Senate Bill 155: Charge fees on homeowner's insurance policies to fund a grant program for installation of hail-resistant roofs***
- ***House Bill 119: The land-value tax***
- ***Senate Bill 93: A workers' protection bill that was changed because it could slow construction***

What no one has proposed yet:

- ***Roll back regulations that make it more expensive to build housing***



Speaking of worker rights: *The Labor Peace Act Returned*



- Colorado law requires two votes for “union security,” the second of which must receive 75% approval
- *Vetoed 2025 bill* would have eliminated second election, provided paycheck withdrawals for negotiating fees upon majority union approval
- 2026 bill, HB 1005, was carbon copy of 2025
- *Surprise!! Polis vetoed it again*
- Messages already are being sent to the potential next governor of Colorado that this is a labor priority

Emerging Sectors: Artificial Intelligence

- ***2024: Legislature passes most comprehensive AI rules; Polis signs reluctantly***
- ***2025: Two failed attempts at reforms***
- ***2026: Working group offers consensus plan***

What it does:

- ***Informs consumers when AI helps to make consequential decisions; allows appeals***
- ***Requires developers to inform deployers of how system is supposed to work***
- ***Gives AG exclusive enforcement authority***



Emerging Sectors: Data Centers



House Bill 1030 (Valdez/Duran)

- 100% state sales-tax exemption for 20 years w/ \$250M investment, minimum hiring requirement
- Mandates on energy, water efficiency



Senate Bill 102 (Kipp/Brown)

- Requirement to secure new renewable power source to cover 100% of annual usage, future hourly metering
- Ban on utilities offering eco-devo agreements

Budget Shortfall: \$1.5 Billion

What happened:

- Many cuts to Medicaid spending (provider reimbursement, annual caps, etc.)
- Suspension of spending on Prop 123 housing

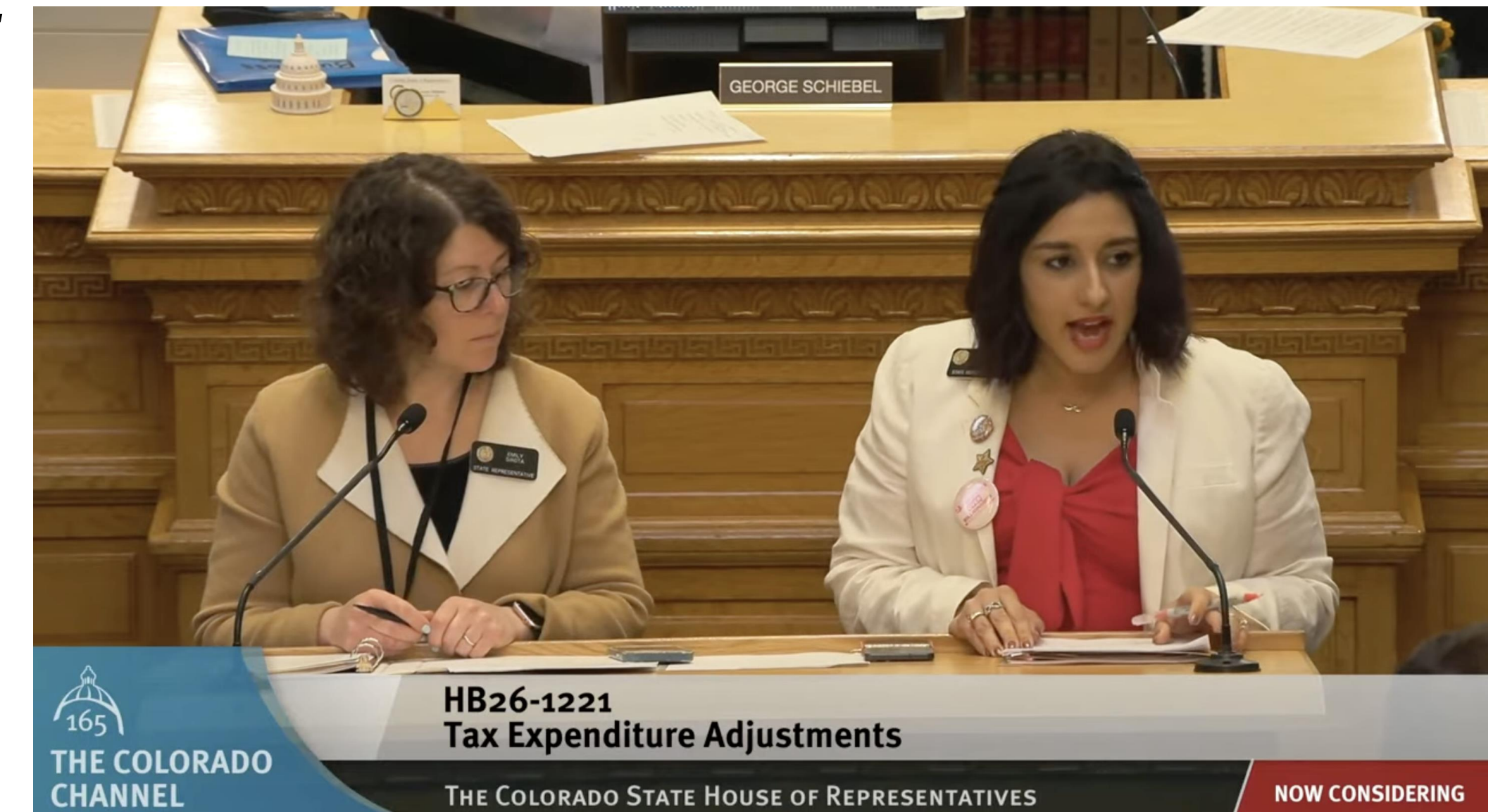
What it meant:

- Legislators nixed pretty much any proposal involving a new program or tax cut (with the exception of JGITC and childcare credit)
- Legislators made extraordinary move to preemptively stop shift of \$700M to roads



Tax Break Rollback Fallout

- ***Three bills considered cumulative \$546M in tax-break rollbacks to fund Family Affordability Credit***
 - Net operating loss deductions
 - Sped-up depreciation for equipment, R&D
 - Downloadable software tax credit
- ***Polis opposed idea unless some money was redirected to income-tax rate cut; Leg said no***
- ***Result: \$77M loss in software tax breaks after some limits, with some going to restaurants***



Energy Bills (The session that wasn't)

- PUC SUNSET bill examines expansion, makes few major changes
- 2040 EMISSIONS GOALS never surfaced
- NEW REQUIREMENTS for plastic-pellet manufacturers (not once but twice) and continually operating coal plants
- A NEW ALLIANCE between business and labor in which costs and reliability on equal ground with emissions reductions

Finally, good news in workforce development ...

- House Bill 1317 will combine all the state's workforce-development and higher-education initiatives under one new department by July 2028
- House Bill 1036 creates new ways for people to become certified public accountants by going to school less and working longer in the profession



Speaking of Ballot Initiatives



Graduated Income Tax

Higher-earning individuals and businesses pay higher rates; state gets \$3.6B more

Senate Bill 135: Ref C Forever

State cap grows by amount that goes to K-12 education; TABOR refunds may go away

Others

- New congressional maps
- Increased fentanyl, human-trafficking penalties
- Right to Natural Gas/Liability for drillers
- Sales tax money directed to roads, conservation

And don't forget these little races ...

- **Governor's Race:** Bennet/Weiser v. Kirkmeyer/Marx
- **Attorney General, Treasurer and Secretary of State on ballot too**
- **Dems in House:** Can they take back their veto-proof supermajority?
- **GOP in Senate:** Can they win back seats?



How do you keep up?

- ***The Sum & Substance:*** <https://tsscolorado.com>
- ***"Colorado Chamber Office Hours"*** podcast
- ***Contact me:*** esealover@cochamber.com or 719-659-7907

