Jared Polis
Governor

136 State Capitol
Denver, Colorado 80203

Tel 303-866-2471
Fax 303-866-2003

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The Honorable Michael Bennet
U.S. Senate
261 Russell Senate Building
Washington, DC 20510

The Honorable Cory Gardner
U.S. Senate
354 Russell Senate Building
Washington, DC 20510

The Honorable Diana DeGette
U.S. House of Representatives
2111 Rayburn House Building
Washington, D.C. 20515-4329

The Honorable Joe Neguse
U.S. House of Representatives
1419 Longworth House Building
Washington, DC 20515

The Honorable Scott Tipton
U.S. House of Representatives
218 Cannon House Building
Washington, DC 20515

The Honorable Ken Buck
U.S. House of Representatives
2455 Rayburn House Building
Washington, DC 20515

The Honorable Doug Lamborn
U.S. House of Representatives
2371 Rayburn House Building
Washington, DC 20515

The Honorable Jason Crow
U.S. House of Representatives
1229 Longworth House Building
Washington, DC 20515

The Honorable Ed Perlmutter
U.S. House of Representatives
1226 Longworth House Building
Washington, DC 20515

Dear Members of the Colorado Congressional Delegation,

I am grateful for your ongoing work to provide necessary relief for Colorado families and emergency support for those temporarily out of work due to the impacts of novel coronavirus disease 2019 (COVID-19). Importantly, the issues that you addressed, and that we have advocated for with respect to prior phases of relief packages, remain incredibly salient. We will need for core relief measures like expansion of unemployment benefits, increased SNAP benefits, and fiscal relief sufficient to address shortfalls to critical services ranging from health care to keeping roads and water treatment solvent, to persist through the duration of both the health crisis and the economic one. If we "turn off" relief measures too early, individuals and communities whose lives and livelihoods have been impacted by this disruption could lose services far too soon.

Moreover, as you look towards future phases of fiscal relief and stimulus, we must focus on mitigating the harm that will be caused by mounting and severe shortfalls that programs across state government currently face -- ranging from child care and education, to Medicaid, and paving roads and fixing bridges. At the same time, we must also look towards sowing the seeds for a robust longer term recovery through investments in key areas like strengthening our transportation infrastructure, clean transportation technology, broadband, water and natural infrastructure, and energy efficiency and renewable energy. This letter provides some thoughts on how we thread the needle between these areas of need.

Colorado's budgetary starting point, like other states, is a dire one. As I explained in a letter on April 3 co-signed by cities and counties across Colorado, state and local governments across the country are losing revenue at an alarming rate. **I want to reaffirm the need for at least $500 billion in direct, robust and immediate aid for state and local governments incurring great costs on the front lines of battling this pandemic.** The $150 billion included in Phase 3 was necessary but not nearly sufficient.

To provide just one example of impacts, the Colorado Department of Transportation (CDOT) currently estimates that it could lose significant revenue over the next three years due to lost gas tax and shortfalls in the State's general fund. Shortfalls in annual funds could then limit the state's capacity to take on additional debt that was authorized for the coming years. Left unmitigated, this situation could compromise the state's current capital construction program, which that funding and financing was set to pay for, and which would accomplish key objectives for Colorado including: fixing deteriorating roads across the state including the largest investment in rural roads in modern Colorado history; making a significant down payment in capacity expansions along critical routes like I-25, I-270, and I-70; and improving the safety of urban arterials in the Denver area and elsewhere.

Strengthening our foundations for the future

At the same time as we need to, first and foremost, "stop the bleeding" that could compromise the solvency of our existing programs, we must also keep the future in view. As we learned through the American Recovery and Reinvestment Act (ARRA), most recently, investments in infrastructure and clean energy, specifically, can help stabilize and stimulate the economy, serving as a "steady hand" while other aspects of the economy are fluctuating. Below, we suggest a number of tools that would support Colorado in these key areas.

Investing in our state's roads, bridges and other transportation infrastructure

As noted above, our roadway system is losing money, and we are not alone. The American Association of State Highway Transportation Officials (AASHTO) has projected nationwide shortfalls of at least 30 percent in state transportation revenues in the next 18 months, requesting roughly $50 billion to at least offset that amount. To see quick results, we recommend utilizing the traditional highway formula programs that efficiently push monthly to states and localities. **If provided with special formula dollars, Colorado is poised to quickly deliver $2.5 billion worth of projects that are virtually ready to go.** These include a broad range of projects that range from rural surface repaving, to bridge repair in the Denver area, to making urban road crossings safer for everyone. In addition, Colorado is in the process of initiating environmental and service plans for a passenger rail system along the I-25 Corridor, and has plans for near-term seed investments in multimodal hubs along the corridor that can be executed quickly.

However, the current federal formula provides proportionately less money to Colorado than to many other states. It would be important for a special formula distribution to correct this issue to ensure that Colorado gets a fair share by allocating dollars based on a straight share of the population.

In addition, shoring up credit markets for transportation projects will be critical in protecting current projects and stimulating new ones. Several key measures could include:

Supporting debt refinancing to capitalize stressed projects in construction: Many projects currently financed through programs like the Transportation Infrastructure Finance and Innovation Act (TIFIA) now face short term cash flow challenges. Allowing them to modify loan terms to reduce/defer interest, taking advantage of low-interest rates, could be beneficial to weather this short-term stress and allow for ramp-up once the economy starts to improve.

Remove statutory barriers to early repayment and refinancing of state and local debt: The Tax Cuts and Jobs Act removed flexibility for states and localities to pay back loans early or refinance to get a better rate. Congress should reinstate this flexibility so public entities can save money on their loans when interest rates are low.

Establishing a Troubled Asset Relief Program (TARP) for public authorities with motor fuel tax/sales tax/other demand-based revenue: State and local governments could be allowed to borrow from the federal government/refinance existing debt for a limited period of time with a beneficial interest deferral/interest only period to help withstand a downturn in revenues.

Continuing progress towards cleaner transportation through electrification and cleaner trucks

Nationwide, transportation has become the leading source of air pollution -- a challenge that takes on newfound resonance as we combat a global respiratory crisis. As we look towards longer-term recovery needs, transportation investment must be integrated with addressing climate change and poor air quality. Accelerating the transition to electric vehicles and cleaner trucks is important to keeping our U.S. energy and automotive industries globally competitive. Importantly, light duty vehicle manufacturers have invested hundreds of billions of dollars in research and development in electric vehicles, and model availability and variety is finally reaching a tipping point to meet consumer demand, especially in Colorado. An economic downturn could create new challenges for large-scale vehicle electrification, and this investment and opportunity may be lost without additional support to encourage electric vehicle sales at a critical moment. Additional support for electrification will help Colorado consumers and businesses, as well as our overall economy, protect themselves from the wild, inevitable fluctuations of oil and gasoline prices. There are a number of targeted investments that are needed to support our auto industry and consumers:

Expand the electric vehicle (EV) tax credit to 600,000 vehicles per automaker: The tax credits under Section 30D currently cap out at 200,000 vehicles per manufacturer, eliminating credits for automakers who have been early adopters to electrification. This is particularly important in Colorado - a state that is in the top 5 for EV sales per capita, and that is in violation of federal health based ozone pollution standards, with vehicles one of the two main sources of that pollution.

$3-5 billion in funding for EV charging infrastructure: Another visible investment in infrastructure that will have multiple benefits is investment in charging infrastructure – encouraging travel and tourism across the U.S., and enabling consumers to buy EVs. These infrastructure projects, especially in fast charging, are relatively quick to build, employ skilled labor across a variety of sectors (electricians, manufacturing, utilities), and are frequently located at retail stores, potentially boosting sales and helping to revive American retail more broadly.

Provide near term loans to help companies sustain electrification enhancements through a downturn: Annual investments in global vehicle research and development are about $100 billion a year, about a fifth of that ($20 billion per year) domestic. Much of that is spent on electrification. An economic slowdown could decelerate this pace of work, which is much needed to continue progress towards clean vehicle advancements that are integrated into new vehicles as they roll out. In order to provide companies with an additional tool to help sustain investment in electrification for deployment in new models (e.g. ongoing work to improve the cost and performance of batteries), Congress should repurpose the existing Advanced Technology Vehicle Loan program to refocus its scope on applied research and development and specifically focus it on zero emission vehicles (ZEV). The program currently has a balance of loan capacity of nearly $18 billion, so repurposing and expanding that capacity to $30 billion would provide companies with bridge financing to continue ZEV investments during a downturn and then pay back the federal government to limit deficit impact.

$10 billion to support the freight industry through a transition to cleaner trucking: While the COVID-19 event has highlighted the criticality of freight transportation to the modern supply chain, many truck drivers across the country continue to rely on outdated, and high emitting equipment. While electrification of the light-duty fleet is closer to a "tipping point" than in the medium and heavy duty sectors, cleaner trucks and buses are increasingly available, thanks in large part to the success of fuel efficiency regulations for trucks over the past decade and the recent advances in heavy duty electrification. The existing Diesel Emissions Reduction Act (DERA) formula program (allocated based on population) at the Environmental Protection Agency could provide an effective platform for supporting fleet turnover to cleaner trucks, via the states, with a focus on supporting providers of critical goods and services that must surge during the COVID-19 response.

Bolstering the supply of reliable, clean energy in Colorado and across the country

One of the major successes of ARRA was a sea-change in renewable energy development costs (spurred by federal tax credits) and energy efficiency projects that cut costs for consumers and businesses. Clean energy, including energy efficiency, solar, wind, geothermal, and storage, have grown to be the largest source of jobs in energy, and a major driver of our economy. There are several tools that could help bolster this critical investment in Colorado's future:

Extension and Direct Pay of the Production Tax Credit (PTC) and Investment Tax Credit (ITC): Colorado is a hotbed of renewable energy development. In addition to the thriving small scale solar industry, our utilities have adopted plans for about 3000 megawatts of wind and solar over the next five years. Many of these projects were timed to make project finances work by using the PTC and ITC, but delays from both the immediate crisis and longer term economic fallout threaten the ability to meet the deadlines for phase down of the credit, and the economic conditions have locked up the market for tax credit financing. In order to address this, the tax credits should be made into a direct pay tax credit and extended for five years; at the very least, safe harbor deadlines should be extended and the credits made refundable. In addition, geothermal energy should be given tax credits as large as wind and solar credits (currently wind and solar credits are 26% while geothermal stands at 10%). Not only do geothermal projects offer fully dispatchable renewable energy, but the drilling that is required for geothermal projects can use drill rigs that have been idled, and provide jobs for displaced oil and gas workers in Colorado.

Funding to support the electric grid and utilities: As the COVID-19 crisis has illustrated, resilience is extremely important in multiple sectors, and our electric grid is in need of significant upgrades for resiliency and to more effectively integrate renewable energy. The federal government should invest to support investments and financing for transmission, distribution grids, and storage. Additionally, the federal government should allocate funds to utilities that would be used to offset non-payment of customer energy and water bills resulting from the COVID-19 crisis. Federal support can mitigate the impact of existing utility shutoff suspensions and protect against higher utility rates for customers in the years to come.

$3.1-5 billion for State Energy Program (SEP): The ARRA provided a significant increase in SEP funding allocated to the states, which allocated it to rapid recovery programs that created energy related jobs while also supporting longer term transformative projects. A similar or larger level of investment at this time would allow Governors, who understand the needs in their states, to make decisions about funding allocations and program details for efforts such as rebates to help residents and local businesses make energy improvements to their properties, both directly employing people in construction, supporting supply chains and lowering costs for these residents and businesses.

$3-5 billion for Energy Efficiency Community Block Grants (EECBG): EECBG is another program that was funded under the ARRA that was very successful at spurring investment and building capacity in local governments. We would recommend some changes to the program - allowing broader use for renewable energy and beneficial electrification, in addition to energy efficiency; increasing the share of funding that goes to rural areas and smaller towns; and broadening the allowed uses for financing, in order to leverage more private sector investment.

$5 billion for Weatherization Assistance Program: This will allow states to ramp up weatherization for low income residents, which will have multiple benefits: supporting jobs in the construction and supply chain sectors; allowing workforce development in areas such as building electrification; and reducing energy costs for low income residents who are hard hit by the economic impacts of COVID-19.

$3 billion for appliance and insulation rebate program: The largest single source of energy-related employment in Colorado is workers in energy efficiency, and this industry has been almost shut down during the COVID crisis. Allowing states to administer targeted rebate programs that could incentivize private sector investment in whole building energy retrofit, insulating homes and small businesses. In addition, this program should allow installers to include beneficial building electrification, such as water heaters, which will create jobs and help state's meet air pollution goals. These programs will have benefits for the construction sector, retailers, the energy efficiency workforce, and long term benefits in reducing energy costs for homeowners and businesses.

Funding for Community and Workforce Development Programs in Areas Dependent on Traditional Energy Jobs: Due to price reductions and technological advances, the shift toward renewable energy and a clean energy economy is well underway and will be an important driver of Colorado's economic stabilization and growth in response to COVID-19. A critical part of this transition will be ensuring a just transition for those workers and communities negatively impacted by a quickly changing energy economy. Some of our rural communities that depend on coal and other fossil fuel industries are being hit with a one-two-three punch -- COVID, the loss of traditional energy jobs, and automation. For these communities, this immediate health crisis could lead into a much longer-term challenge. Both workers and communities need tools to help them weather these transitions and thrive in the future. These tools include the capacity to plan effectively, building out broadband, and other infrastructure and workforce development programs to help them diversify their economies and compete for quality jobs in the future.

Funding for plugging abandoned oil and gas wells: If we continue to see a significant long-term downturn in the oil and gas industry, there is major potential that the state will see a substantial number of abandoned wells posing risks to the surrounding communities. Colorado already faces an estimated 475 abandoned wells, representing approximately $20 million in unfunded liabilities. Providing funding for safe plugging and abandoning of wells will protect safety, the environment, and could provide jobs for many oil and gas workers who will be affected by current market conditions in the industry. Similarly, funding abandoned mine cleanup efforts would benefit local economies and environments as well.

Investing in our state's water, wastewater and natural infrastructure

Continue to invest in America's Clean Water and Drinking Water State Revolving Funds (SRFs), and other critical water infrastructure:
The Colorado Department of Public Health has recently identified a roughly $10 billion need for clean water and $8.5 billion need for drinking water infrastructure over the next 20 years. This need and others are only amplified by the pending crisis posed by shrinking state, local and utility revenue associated with an economic downturn. Clean water is critical, especially now when washing hands and sanitizing is a foundational part of the fight against COVID-19. In addition, modernizing and replacing Colorado's aging water infrastructure will require a serious investment. America's Clean Water and Drinking Water State Revolving Funds (SRFs) are the nation's premier programs for financing water infrastructure that protects public health and the environment. SRFs are a proven federal-state partnership that can quickly, effectively and

efficiently deliver federal funding for construction of water infrastructure projects to communities recovering from the current unprecedented public health emergency.

In addition to the significant economic, public health, and environmental benefits that our communities will reap from water and wastewater infrastructure investments, investment in source water strategies are equally important. As the headwaters of the Continental Divide, all of Colorado’s major rivers flow downstream to eighteen states and Mexico, providing important water supplies that drive economic activity across the west. Colorado's Water Plan identified an estimated need of $20 billion for water resources projects by the year 2050. It's estimated that $3 billion of this need will require additional funding sources beyond existing state and local sources. Additionally, Local Basin Implementation Plans completed in 2015 identified over 1,500 proposed water projects throughout the state, and we’re currently undertaking a process to refine project needs and cost estimates. We must continue to support locally-driven water projects by leveraging federal dollars as our state capacity to fund water infrastructure becomes strained. Specifically, in Colorado, we need infrastructure to support regionalizing water infrastructure and help us become more resilient in times of drought. The long-promised Arkansas Valley Conduit is desperately needed to bring clean, fresh water to the rural, southeastern portion of the state.

Funding to support our watersheds, forests, and natural infrastructure directly impacts our ability to safeguard drinking water supplies and mitigate wildfire risk. Projects to protect watersheds and improve forest health will provide local jobs supporting rural communities that have been especially impacted by a pause in tourism. Our water challenges demand a united focus as Colorado continues to face drought, wildfire, flooding, and growth into the future. To meet these challenges, we must support natural infrastructure solutions in tandem with our traditional infrastructure needs.

Investments in public lands, parks, and wildlife: Significant investments in recreational facilities, trails and conservation are needed on public lands throughout the state. This includes an estimated $291 million of construction and maintenance projects at Colorado state parks and wildlife areas, $247 million in deferred maintenance at national parks, monuments and historic sites, and $24 million to rehabilitate trails on our state’s 14,000 foot peaks. With growing populations, and in many instances record high patronage of public lands during this pandemic, investing in conservation and additional public land access opportunities has also never been more pressing. The delegation has shown clear leadership on this front, and I encourage the inclusion of the Great American Outdoors Act, and Colorado Outdoor Recreation and Economy Act in any upcoming stimulus package. In addition, support is needed for habitat restoration, including $17.5 million of unfunded, shovel-ready projects through the ReStORE program, as well as support for migration corridors, including the construction of wildlife crossing structures that reduce vehicle collisions, saving money and lives. These investments would grow jobs in rural areas where tourism-dependent economies have suffered as a result of the pandemic.

Addressing broadband access, worker supports and significant challenges that child care, K-12 education, and higher education face as a result of COVID-19

Critical Investments in Internet Infrastructure: COVID-19 has demonstrated that the internet is communications critical infrastructure to support telemedicine, remote education, and virtual work. Investing in universal access to affordable, high speed internet is vital to our economic recovery and future expansion, especially in rural communities. Providing federal investment to states to deploy fiber infrastructure in partnership with local communities and private industry should be a top priority.

$2 billion for the E-Rate Program: The stimulus must address the impact of the COVID-19 crisis on children, including increasing access to high-speed broadband to address the "homework gap." A recent needs inventory conducted by the Colorado Department of Education and Colorado Education Initiative found that 65,860 students in Colorado do not have access to internet at home, and 52,918 students lack access to a Wi-Fi-enabled device. Lack of home internet prevents students from completing their schoolwork, accessing critical mental health and telehealth services, and will make it even harder for students to catch up should the crisis continue into the summer and fall. Congress should invest significant resources through the existing E-Rate program for hotspots, connection devices, and mobile wireless service to help close this gap.

Significantly Increasing Funding for Child Care and Early Childhood Education: While the $42.5 million allocated to Colorado via the Child Care and Development Block Grant is critical for the child care industry during the COVID-19 crisis, significantly more funding is necessary to fully stabilize this $99 billion industry and ensure that Coloradans can go back to work. Our funding has quickly gone to supporting emergency child care for essential workers and supporting children, parents and providers participating in our child care subsidy program. Congress should provide at least $50 billion to help support continued emergency child care and the workforce. This level of resources is necessary to ensure that the child care industry is stable and that these small businesses can afford the costs of elevated health and safety requirements and are ready for Coloradans as we reopen our economy. In addition, Congress should provide funding to support preschool programs to ensure they are able to reopen. The Great Recession had a significant impact on the early childhood sector, and as National Institute for Early Education Research co-director Steven Barnett has cautioned, "The current and looming economic crisis poses a considerable threat to state-funded pre-K." Congress should provide resources specifically to address these challenges for state-funded preschool to ensure that every child starts kindergarten ready to learn and improve their likelihood of succeeding long term in school and the workforce.

Investing in K-12 and Higher Education: In an economic downturn, our K-12 and higher education systems are often some of the hardest hit. The third stimulus provided a much-needed $30.7 billion for education. However, this is not sufficient to help our K-12 and higher education systems sustain themselves and prepare for likely continued disruption during this crisis. School Districts are scrambling to pay for teachers, ensure students have technology and Wi-Fi, and train educators in a whole new way of teaching -- all while state funds dry up. Without increased resources, this economic crisis will leave an even larger hole in school district and postsecondary institution budgets that will lead to drastic cuts for students. I urge Congress to significantly increase resources for the Education Stabilization Fund, including increases for the Governor's

Emergency Education Relief Fund, Elementary and Secondary School Emergency Relief Fund, and Higher Education Emergency Relief Fund.

Providing economic stability for those must in need

Protection and Restoration of Jobs through UI Fund Solvency: It is critical that the next round of stimulus include federal grants and/or complete loan forgiveness to Colorado's and other states' Unemployment Insurance Trust Funds. By the end of this week, Colorado is expected to surpass 400,000 Unemployment Insurance claims, and our UI Trust Fund balance of over $1billion going into this pandemic crisis will soon be depleted. As Colorado employers struggle to regain their footing, they will not be in a position to either increase premiums and surcharges typically assessed on traditional employers, nor to reimburse for claims (in the case of many non-profits).

Significantly expand a range of housing programs that support vulnerable populations: The U.S. Department of Housing and Urban Development runs a variety of important programs that, individually or in combination, could support housing given anticipated challenges as Coloradans and citizens across the country face difficulties paying their rent and mortgage. For example, the HOME program is a flexible tool for states that supports housing creation and housing counseling. Moreover, there are programs that are critical for homelessness assistance including the Emergency Solutions Grants program that could, in Colorado, assist in the process of moving homeless populations into temporary housing. Colorado could absorb up to hundreds of millions of dollars in these programs, and any increment that could be delivered quickly would be especially helpful in addressing immediate housing challenges. Moreover, Colorado faces specific needs with respect to supporting children experiencing homelessness, and the Administration for Children and Families – at the U.S. Department of Health and Human Services – could distribute an additional $2 billion nationwide for these services.

Rental Assistance: Ensuring that renters can remain in their homes through the COVID crisis – when staying at home is key not only to those residents but to public health goals that require significant social distancing – is a high priority for Colorado. As our state transitions to the "Safer at Home" phase, where we continue to encourage citizens to stay at home as much as possible, it is important that every citizen have adequate housing. To that end, we recommend that Congress allocate rental assistance funding so Coloradans remain in their homes and avoid facing eviction. Evictions are expected to spike after emergency supports are exhausted, and the multifamily market is destabilized because of the inability of many tenants to pay rent. Assistance could be delivered efficiently through loans from state and local systems – which could be executed similarly to the paycheck protection program with forgiving loan terms and without penalties for those who cannot ultimately repay. Housing Choice Vouchers, which could be used to deliver billions of dollars, could also provide a safety net for housing.

Mortgage Assistance: Just as we need to stabilize the rental market, we also need to do so for homeowners impacted by COVID-19. During the 2007 financial crisis, which acutely impacted the mortgage industry and Americans who had acquired subprime loans, the Treasury Department provided significant relief for homeowners through the Home Affordable Modification Program (HAMP). HAMP worked with mortgage servicers to help homeowners modify mortgages and take advantage of lower rates and lower monthly payments – something that could have significant applicability in the current climate. Participants in the program reduced their monthly payments by a median of over $530 per month, and also received aid in refinancing and adjusting terms of loans. A program based on lessons learned from HAMP could cover costs to homeowners to refinance their loans, and require lenders to offer participants with refinancing options that allow for terms that defer payment by several months without penalty.

Supporting Colorado's critical tourist and outdoor recreation industries

Finally, any future stimulus should include needed resources for our tourism and outdoor recreation industries, and all of the business operations they support, including restaurants, hotels, attractions, retail, casinos, ski resorts, outfitting companies and so much more. Visitors directly inject more than $22.3 billion a year into the Colorado economy, generating $1.37 billion in state and local taxes, and outdoor recreation has a $62.5 billion a year economic impact. With containment strategies stopping consumers in their tracks, the tourism industry has been devastated. A new Oxford Economics report shows tourism-related spending across Colorado plunged by 83% from last year, during the last week of March. This critical industry needs additional help. Some initiatives to support the industry include:

Federal relief for 501c(6) organizations: This relief would provide vital support for the chambers and destination marketing organizations that play a critical role in attracting travelers to destinations throughout the state.

Temporary waiver of rental charges public lands ski areas: A temporary waiver of rental charges due to the U.S. Treasury for lease of U.S. Forest Service land in ski areas would help our hard-hit recreation areas recover from significant economic losses this winter and summer.

Thank you in advance for your time and consideration of these interventions. During times when economic downturn or recession could be a concern, public infrastructure and clean energy spending can be of great importance as one of many policy tools. As you move toward considering the next economic stimulus package, we know you will keep Colorado's workers and businesses in mind.

Sincerely,

Jared Polis
Governor