

\$4 BILLION IN NEW TAXES AND FEES ON THE TABLE

WILL IT BRING JOBS BACK OR JUST PROLONG THE RECESSION?



**Imposing
Higher Taxes
and Fees After
COVID-19
Shutdown**

Today in Colorado, a series of legislative proposals and proposed ballot measures would **impose billions of dollars of higher taxes and fees on a state economy that's struggling to restart after the COVID-19 shutdown.**

Under normal economic conditions, reasonable minds can differ about the appropriate size and scope of government and the commensurate level of taxation needed to support it. **But after an unprecedented economic shock, there are serious and immediate consequences to permanently raising taxes, fees or other government-mandated costs.**

With so many businesses on the brink of survival, and hundreds of thousands of Coloradans needing jobs, is now the right time to make it more expensive for businesses to stay open and put people back to work? That is the question confronting policymakers and the public in the days, weeks and months ahead.

Initially, legislative leaders answered this question with a three-part test: To win approval, all new laws must be **"fast, friendly and free."** But things are changing fast.

As of early June 2020, the Common Sense Institute has identified a series of bills and ballot measures that would **collectively impose \$4.156 Billion in new taxes, fees and other costs on businesses and working families in Colorado:**

These measures don't even include the list of new regulatory changes which will add new costs to businesses in order to comply– but their price tag has yet to be fully calculated.



**Imposing Over
\$4 Billion on
Families and
Businesses**

Without a doubt, the COVID-19 shock has created massive budget challenges for state lawmakers. In effect, the free-enterprise system and all the tax revenue it generates was shut down without warning and has just started to reopen. **The faster the free-enterprise system can recover, as businesses return to profitability and workers return to their jobs, the faster tax revenues and the state budget will rebound.**

New Taxes and or Fees Currently Being Debated or in Current Law					
Measure	Description	Status	Total Annual \$ Amount*	\$ Amount Per Coloradan	Time Horizon
HB20-1420	Tax reform effort to roll back recent increases in tax exemptions and expand EITC	Active Bill	\$408,000,000 in FY22	\$71	Permanent
Unemployment Insurance Trust Fund	Increase in fees on employers to repay loans and refill UI trust fund balance	Current law	\$307,000,000**	\$53	Semi-Permanent
SB20-215	Create new enterprise to collect new fees to partially fund the state reinsurance program	Active Bill	\$140,900,000	\$24	Permanent
SCR20-001 Gallagher Repeal	Ballot measure to repeal the Gallagher Amendment from state constitution	Active Bill	Unknown increase in property tax revenue against current policy		Permanent
Initiative 271	Increase income taxes by changing CO constitution to create a progressive income tax	Potential 2020 Ballot Measure	\$2,000,000,000	\$347	Permanent
Paid Leave Initiative	Fund a state-run enterprise to cover paid leave benefits with a new payroll fee	Potential 2020 Ballot Measure	\$1,300,000,000	\$226	Permanent
Annual Total			\$4,155,900,000	\$722	

*Data from legislative fiscal notes **Estimate from May 2020 Legislative Council Staff Forecast

The Faster Businesses Can Recover, the Faster Tax Revenues and the State Budget Will Rebound



Proposals that simply increase taxes, fees and other costs in the short term should be closely scrutinized for unintended consequences that slow down, not speed up, the recovery of Colorado's free-enterprise system and the tax revenue it generates.

Learn more at www.commonsenseinstitute.org