

## **Testimony in Opposition of House Bill 20-1420**

*Adjust Tax Expenditures for State Education Fund*

Prime Sponsors: Rep. Emily Sirota, Rep. Matt Gray, Sen. Dominick Moreno & Sen. Chris Hansen

Committee: House Finance

Date/Time: Tuesday, June 9, 2020 – upon adjournment of Energy & Environment  
(Old State Library Room 271)

Good afternoon members of the House Business Affairs and Labor Committee. My name is Sam Bailey and I serve as Vice President of Economic Development for the Metro Denver Economic Development Corporation (Metro Denver EDC), part of the Denver Metro Chamber of Commerce family of organizations, and I'm here today to express our opposition to House Bill 1420.

The Metro Denver EDC is privately funded and represents nine counties and seventy communities across Colorado's Front Range providing business attraction, retention, and expansion services in partnership with local, county, and state partners. Beyond our work in the Front Range, we collaborate with economic development organizations across Colorado on strategic initiatives, research projects, and public policy.

The Denver Metro Chamber represents thousands of employers that employ more than 400,000 Coloradans. Our 3000 members deliver great jobs for Coloradans, and we support them through work in advocacy, education, leadership training, small business resources and economic development.

I'm here today to express our opposition to House Bill 1420. This short-sighted bill is bad for Colorado. It puts Coloradans' jobs at risk, slows the economic recovery we all need, hurts our smallest of businesses and puts Colorado at a major disadvantage compared to other states.

First and foremost, this bill takes money away from virtually all businesses, including our smallest of businesses at a time when employers are struggling to keep their doors open and make payroll. This matters for employees – just ask the more than 500,000 Coloradans who have filed unemployment in the last three months.

This bill hurts small businesses. Removing the 2017 deduction for pass through businesses will impact nearly every small business in the state of Colorado,

including sole proprietors. The deduction was implemented to ensure more parity between corporate tax rates and those of small businesses to help ensure small businesses could sustain and grow. It's not a loop hole or oversight, but a thoughtful relief for small businesses to help them compete.

This will delay our economic recovery. It makes absolutely no sense to close a budget gap by slowing the very engine that puts Coloradans to work and in return generates tax revenue. History has shown us that our state budget is largest when the economy is strong and unemployment is low – just think about our budget reality in January compared to today. If we want to solve our budget challenges, we have to get the economy back on track and making it more expensive to do business removes the liquidity employers need to be able to hire, invest and grow.

Not being able to write off large losses and investments also sets Colorado apart from other states in a bad way, meaning we will lose startups and growing companies. This runs directly counter to Colorado's hard-earned reputation as a hub for innovation.

This bill sends the wrong message. It's a bad approach. It has long term impacts that can further devastate Colorado's workers. And it was drafted without a stakeholder process whatsoever.

Every decision we make should keep in mind the goal of putting Coloradans back to work safely. THAT is how Coloradans will recover. THAT is how we get the budget back up running. And THAT is what we should focus on in our solutions.

Please vote no on HB 1420.