

Reduction of the State Income Tax Rate (SB20-020)

Testimony to the Senate State, Veterans, & Military Affairs Committee

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Thank you for the opportunity to testify today. I am Tyler Jaeckel, the director of policy and research at the Bell Policy Center. The Bell Policy Center provides policymakers, advocates, and the public with reliable resources to create a practical policy agenda that promotes economic mobility for every Coloradan.

The Bell Policy Center opposes SB20-020 to permanently reduce the Colorado state income tax rate from 4.63 percent to 4.49 percent beginning in 2020 and for all subsequent years. Now more than ever, Colorado needs to invest in our future. For our state to remain competitive and to provide opportunities for all Coloradans, we must make investments to improve our schools, provide affordable postsecondary opportunities, modernize our transportation infrastructure, and reduce the growing strains on Colorado working families.

This bill is a step in the opposite direction. Over the last 30 years, Coloradans have seen the negative effects of shortsighted tax policy.

- Since 1992, state per capita postsecondary education spending has declined 51 percent, moving Colorado from 31st to 45th in state funding for postsecondary education.ⁱ Student loan debt in Colorado has grown [176 percent since 2007](#), reaching \$26.4 billion.
- We remain over [\\$500 million a year short of the promise](#) we made to our children to fund our K-12 education system. Since 1993, Colorado has moved from 23rd to 37th in state per-pupil funding for education.ⁱⁱ
- We have a [\\$9 billion backlog](#) of transportation repairs and improvements.

Based upon [our own analysis](#) and [the analysis of the Legislative Council](#), when adjusted for inflation and population growth, we are spending less General Fund dollars per Coloradan than we were in the late 1990s. When compared to the size of our economy (as measured by state personal income), our General Fund investments are [near an all-time low](#).

At the same time, the costs and strains on Coloradan families have only increased. Income for the vast majority of [Coloradans have remained stagnant](#), while the costs of raising a family continue to increase. Colorado is the [10th most unaffordable state](#) for housing based upon the wages needed to rent a two-bedroom apartment. We also have the [8th highest cost for infant care](#) in the nation.

[The proposed tax cut largely benefits the wealthy](#). For the rest of us, the relatively small increase in our income from the proposed income state tax rate reduction pales in comparison the lost public investments in critical services.

ⁱ Bell Analysis of state postsecondary data compiled through Illinois State University, available at <https://education.illinoisstate.edu/grapevine/>

ⁱⁱ U.S. Census 2017 Public Elementary-Secondary Education Finance Data, available at <https://www.census.gov/data/tables/2017/econ/school-finances/secondary-education-finance.html>