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# Tax Expenditure Adjustments - HB25-1296

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Thank you Chair Lindstedt and members of the committee. My name is Joshua Mantell and I am the Director of Government Affairs for 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.

I am here to testify in support of HB-1296 and want to thank Reps. Garcia and Zokaie for bringing this bill forward.

While this bill can get wonky very quickly, the purpose of the bill is very straightforward: updating and modernizing our tax code to ensure that we are helping the people that need help and incentivizing the right kind of economic activity. Given the extremely dynamic world and economy that exists, we need to be constantly examining our state's tax code and make sure that it is working as intended. This bill takes recommendations from experts, like the Office of the State Auditor, to make sure our state's code is up to date.

When it comes to tax policy, the Bell Policy Center looks at many different values, like adequacy and efficiency. But we also look at fairness: meaning, does this policy make the tax code more fair in Colorado. While we have made significant strides on fairness through expanding the Earned Income Tax Credit and the Child Tax Credit, passing the Family Affordability Tax Credit, and closing high-income loopholes back in 2021, we are nowhere near a truly fair tax code. In fact, we have a largely regressive tax system in our state, largely due to high local sales taxes combined with a flat statewide income tax structure that is mandated by TABOR. But every little bit helps, and being able to

direct tax breaks that are currently going to insurance companies, for example, to tax credits for low-income seniors and individuals with disabilities, small businesses, or expand tax credits for family, friends, and neighbor care workers who are so critical for individual families and our broader economy is crucial to a more vibrant state economy.

Looking at the shift from rebates to tax credits for the PTC, this is a great example of making sure the tax code is working for everyday Coloradans. Ensuring that those on low and/or fixed incomes can access benefits to keep them housed and keep them warm, by closing loopholes that benefit big businesses is the exact right way to manage our state's tax code. And using evidence-based approaches to policy, like including recommendations from the State Auditor, makes this type of policy an easy one to support.

We urge a Yes vote on HB-1296, and I would be happy to answer any questions you may have.