



The Bell Policy Center

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HB-1063: Reduction Of State Income Tax Rate **Testimony to House Committee on State, Civic, Military, & Veterans Affairs**

Joshua Mantell, Fiscal Advocacy & Special Projects Manager • Feb 09, 2023

My name is Joshua Mantell and I am here on behalf of The Bell Policy Center, a member of the Together We Thrive Coalition.

The Bell Policy Center is opposed to HB-1063, and any flat income tax cut that comes before this body.

Coloradans firmly believe that our current tax system is unfair. According to a recent poll commissioned by the Bell, 71% of Coloradans think that “income taxes on the wealthy are too low.” And a majority of Coloradans think that many programs – including child care, K-12 education, transportation, health care, and water conservation are underfunded by the state.

But yet, elected officials are bringing a bill that would cut \$2.7 BILLION from the General Fund, with nearly half of it going to the pockets of the already wealthy. In fact, if we look at research from Legislative Council Service, 48% of the \$2.7 billion – or nearly \$1.3 billion – would go to those making more than \$200k, which is just 8% of Colorado taxpayers. Given that this tax cut would eliminate TABOR surpluses during future fiscal years, working families would see their annual tax bill go up, while the wealthiest Coloradans would get a big tax cut. With the economic times we are in, that is a cruel joke on Colorado families.

Eliminating income tax revenue from the General Fund does not eliminate government programs. Instead, it either underfunds them or shifts the taxation burden from statewide income taxes to local sales and property taxes. This has happened all over the state, as local communities attempt to keep up with growing needs and a reduction in statewide revenue. The Department of Revenue’s Tax Profile and Expenditure report for 2022 shows how this works. Colorado is 43th in the country in statewide taxes and 8th in the country in local taxes. We are FIFTH in local taxes as a percentage of total taxes. Because local taxes are more regressive than statewide taxes, we have moved more taxes onto low- and middle-income Coloradans, while saving millionaires and billionaires untold dollars. This is not the way to run an equitable, adequate, and fair tax system.

We can and we must do better. That starts by rejecting HB-1063 and other attempts to cut income taxes for the wealthy, and doing more to show Coloradans we are focused on a fair tax system, by listening to them and increasing taxes on the already wealthy so that we can invest in communities across the state. Thank you.