

April 7, 2025

Representative William Lindstedt, Chair
Representative Brianna Titone, Vice Chair
Colorado House Finance Committee

*RE: Small Business Majority's support for HJR25-1023: Require General Assembly TABOR
Constitutionality Lawsuit*

My name is Hunter Nelson and I'm the Colorado Director for Small Business Majority, a small business organization with a mission to empower America's diverse entrepreneurs to build a thriving and equitable economy. I'm pleased to provide testimony on HJR25-1023, legislation that would direct the Committee on Legal Services to engage legal counsel to file a lawsuit on behalf of the Colorado General Assembly in state district court. The lawsuit will seek to determine the constitutionality of Section 20 of Article X of the Colorado State Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR).

This year, Colorado faces a \$1.2 billion budget shortfall largely due to TABOR's revenue and expenditure provisions. Due to this budget shortfall, critical programs that support small business owners like the Advanced Industries Cash Fund and Colorado Office of Economic Development and International Trade's (OEDIT) Skills Advance program will face cuts. Additionally, increased resources for offices that support underserved entrepreneurs like OEDIT's Minority Business Office that was initially proposed in the Governor's budget was rejected due to the larger than expected budget shortfall.

Furthermore, programs like the Colorado Child Care Assistance Program (CCCAP) and Medicaid (Health First Colorado) are also threatened due to TABOR's impact on the state budget. Although these programs are preserved in the current Long Bill, their capacity is already strained. If the programs' funding is eventually cut, it will negatively impact small business owners and their employees. Also, due to TABOR's impact on our budget, Colorado will not have the state funds needed to backfill any federal funding cuts made by the Trump administration.

This legislation states that TABOR has removed essential legislative powers in the areas of revenue and expenditure and seeks to determine whether TABOR violates the principles of a republican government guaranteed by the U.S. Constitution. It is time to evaluate the constitutionality of TABOR and its provisions, so that we can begin to take steps to enact forward-thinking budget proposals that support Colorado's diverse small business community.

By addressing this question of TABOR's constitutionality now, you will help promote long-term fiscal responsibility and avert the unintended consequences that could arise in a future budget crisis. We urge you to support this joint resolution to ensure that Colorado can afford to offer the programs, resources and support that small businesses across the state need to thrive.

Sincerely,

Hunter Nelson
Colorado Director
Small Business Majority