

September 10, 2025

RE: Comments concerning Colorado's 'Estimating the Impacts of Changing U.S. Tariff Policy' report

Dear Governor Polis, Senate President Coleman and Speaker of the House McCluskie:

As a representative of Colorado's small business community, Small Business Majority writes today to urge you to make additional investments in small businesses in light of the findings in the Governor's Office of State Planning and Budgeting's recent [report](#) describing a worsening economic outcome for Colorado because of tariffs.

The effective tariff rate in Colorado has increased sevenfold from 3% in 2024 to 21% in 2025 due to newly implemented broad-based tariffs. These elevated tariffs are expected to have more acute impacts on certain sectors and regions of our economy. Key industries like agriculture, construction, energy, aerospace and goods-focused businesses are the most exposed from higher tariffs and the potential for retaliatory tariffs abroad. Under the current tariffs, Colorado's general fund would collect \$241.1 million less in revenue for the current fiscal year, which is a 1.4% drop. An escalated tariff schedule translates into steeper losses of \$440 million this fiscal year and \$805 million in the following fiscal year.

Therefore, it's not surprising that Small Business Majority's [research](#) found that 81% of entrepreneurs are concerned about the impact of tariffs on their business, and 60% note higher costs due to increases in tariffs. These poll results are notable because there is virtually nothing small businesses can do to avoid tariffs. Small businesses are operating on thin margins, and many have no choice but to pass on their costs to customers. Meanwhile, large businesses have more flexibility to absorb costs and keep prices lower, undercutting their small competition. At a time when inflation was already spiking, even consumers who may prefer to shop small are more likely to buy big if there is a significant price difference for similar products. We've also heard from small business owners who would be happy to purchase products made in the United States if they could; the reality is that they simply cannot either because those products are too expensive or because the industries that supply what they need relocated offshore decades ago. Also, many products labeled "Made in America" are assembled in the United States from imported parts.

Small and micro businesses, especially those in rural areas will be hit hardest by tariffs, and this will have a ripple effect on their workforce. Hiring and keeping employees is already one of Colorado small businesses' biggest challenges, and tariffs will make it even harder for them to provide quality jobs and be able to afford to hire workers.

It's clear that tariffs will accelerate economic decline in Colorado at a time when rising costs are already making it harder to do business. We've already been forced to make difficult budget choices due to increased spending and our state's regressive tax structure. The tariffs will undoubtedly exacerbate this budget crisis, further reducing money valuable for critical infrastructure and programs that support underserved small businesses across Colorado. We urge you and your colleagues to act in any way you can to invest in small businesses in order to help offset the harm of tariffs.

Sincerely,

Hunter Nelson
Colorado Director
Small Business Majority