



**SB23B-003**

**Sponsors: Reps. DeGruy Kennedy & Sen. Hinrichsen**

**CFI position: FOR**

Chair Snyder and members of the Committee,

My name is Caroline Nutter and I am the Legislative Coordinator at the Colorado Fiscal Institute. At CFI we work to make Colorado a state where fiscal and tax policies promote equity and widespread economic prosperity.

I am here to testify in support of SB-003.

This bill would direct TABOR refunds to be distributed through a flat amount to qualifying taxpayers, instead of through the six-tier sales tax refund mechanism, for tax year 2023 only.

Since 1999, the six-tier sales tax rebate mechanism has operated as a clean-up mechanism; returning money to taxpayers that was leftover after all other mechanisms were funded. This calculation was created in 1999 and has not been updated since. In practice, the six-tier sales tax rebate mechanism is structured such that the higher your income, the higher your rebate.

CFI is in support of this bill because in a period of economic recovery from the pandemic-induced economic downturn and inflation, we believe TABOR rebates should be directed progressively as much as possible. This bill increases the estimated refund estimate for folks making under \$50,000 by as much as \$450 for joint filers, and it increases the refund estimate for folks making between \$50,000 and \$100,000 by as much as around \$100.

TABOR doesn't give legislators much wiggle room for fiscal flexibility, but deciding what to do with TABOR refunds is up to you. Since TABOR has existed, Colorado has had more than two dozen rebate mechanisms on the books. We've been using tabor rebates to influence behavior and targeting vulnerable groups for decades — including business owners, property owners, seniors, veterans, and low-income people.

Under current law, we are spending \$3.3 billion to give millionaires thousands of dollars while working families get even less. CFI does not believe this is an equitable or sound way of using our tax revenue when people are in crisis.

Thank you, and please vote yes on SB-003.