



## AMERICANS *for* TAX REFORM

March 13, 2017

To: Members of the Colorado House of Representatives

From: Americans for Tax Reform

Re: House Bill 1242/Proposed Sales Tax Hike

Dear Members of the Colorado House,

On behalf of Americans for Tax Reform (ATR) and our supporters across Colorado, **I urge you to reject House Bill 1242, the recently unveiled proposal to refer a sales tax increase the ballot.** Your constituents have been hit with 20 Obamacare tax increases and an onslaught of onerous federal regulations over the last eight years. The last thing individuals, families, and employers across Colorado need is to have lawmakers in Denver pile on with further tax hikes at the state level, but that is the goal of HB 1242.

The sales tax increase that HB 1242 seeks to advance has been described as “less than a penny on the dollar,” yet such description is intended to mislead. In fact, the sales tax hike entailed in HB 1242 represents a whopping 21% hike in the current rate. Some lawmakers contend this regressive tax hike is needed because transportation is a priority. Yet lawmakers calling for a tax hike to fund transportation are actually admitting that transportation is their lowest priority. Were that not the case, they would not have funded everything else in the budget first.

There is ample evidence that higher taxes make states less competitive, and harm economic growth. John Hood, chairman of the John Locke Foundation, a non-partisan think tank, analyzed 681 peer-reviewed academic journal articles dating back to 1990. Most of the studies found that lower levels of taxation and spending correlate with stronger economic performance. When Tax Foundation chief economist William McBride reviewed academic literature going back three decades, he found “the results consistently point to significant negative effects of taxes on economic growth, even after controlling for various other factors such as government spending, business cycle conditions and monetary policy.”

As such, I urge you to reject efforts to raise the sales tax, which would disproportionately harm low and middle-income Colorado households. ATR will be educating your constituents and all Colorado taxpayers as to how lawmakers in Denver vote on HB 1242, and other important fiscal and economic matters throughout the legislative session. Please look to ATR to as a resource on tax, budget, and other policy matters pending before you. If you have any questions, please contact Patrick Gleason, ATR’s director of state affairs, at (202) 785-0266 or [pgleason@atr.org](mailto:pgleason@atr.org).

Sincerely,

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