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SB25-136: Expand Deduction for Retirement Benefits

Joshua Mantell, Director of Government Affairs, February 26, 2025

Thank you Chairman Weissman, and members of the committee. My name is Joshua Mantell and I am the Director of Government Affairs for the Bell Policy Center. The Bell Policy Center provides policymakers, advocates, and the public with reliable resources to create a practical policy agenda that promotes economic mobility for every Coloradan.

I am here to testify in opposition to SB-136. Before I get into why we are opposed to this particular piece of legislation, I do want to thank Sen. Pelton for bringing this bill forward, as we share his desire to help older Coloradans afford to live in their communities and appreciate his work on this issue.

Nevertheless, the Bell Policy Center has to oppose this bill for two reasons: regressivity and the impacts to our state's budget.

In terms of regressivity, because this bill lifts the current income cap on deductions, we know the benefits will largely accrue to those at the top of the income scale. Colorado has a regressive tax code, meaning that lower-income families pay a higher percentage of their income in taxes than those who are wealthier. We cannot continue to tilt our tax code to benefit the wealthiest individuals, while continually asking our lower-income residents to pay more through sales taxes and fees.

The fiscal note for this bill is fairly shocking. With allowing wealthier Coloradans to deduct more from their taxes, our General Fund revenues would decrease by over \$500 million annually. Given that we are likely looking at a budget that will cut over a billion dollars, with state deficits continuing in future years, adding another \$500 million plus to that total would hurt Coloradans through loss of funding for mental

health, Medicaid, and countless programs that older Coloradans depend upon. We are already in need of increased funding in many programs to ensure adequacy, and the coming budget cuts will make that worse.

What this bill is asking is whether we can afford to cut more than \$500 million annually in programs that are already being shortchanged, so that wealthier Coloradans can get more tax deductions. The answer to that question is a very clear “No”. We need to be asking what is the fairest and most equitable way to INCREASE funding for things like health care, education, child care, mental health, and other issues of clear importance to Coloradans, not what else can we cut to afford tax cuts for the wealthy.

For those reasons, the Bell Policy Center asks for a “No” vote on SB-136. Thank you and I look forward to answering any questions you may have.