

Colorado business owners face threats this election season

By ALFREDO ORTIZ

For Colorado small-business owners, the Election Day matchup between Hillary Clinton and Donald Trump is a sideshow. They face the more pressing concerns of state ballot measures that would massively increase their taxes and entry-level labor costs.

Amendment 69 proposes the creation of a state-run, universal health care system that would be largely funded by a new tax on Colorado business owners. And Initiative 101 proposes to dramatically increase the state minimum wage to \$12 an hour. Both proposals threaten the existence of low-margin small businesses in the state and the products and opportunities they provide.

Start with the health care proposal. If implemented, it would double the size of the state budget. To pay for the \$25 billion price tag, a 6.7 percent payroll tax would be levied on employers and a 3.3 percent tax on employees. All other nonpayroll income, including that from sole-proprietorships, pensions, and Social Security, would be taxed at 10 percent.

This tax increase would turn Colorado from one of the least taxed states into one of the most taxed states, providing a strong disincentive to hiring and business expansion. Colorado consistently ranks as one of the best states in the country for business, and its economy is the envy of the nation. This proposal would turn it from first to worst. No wonder it faces strong bipartisan opposition from both sides of the

aisle, including from Colorado's Democratic governor.

This isn't an endorsement of the existing health care system. Far from it. The Affordable Care Act has proven that it is not affordable; premiums in Colorado and elsewhere are expected to rise by double digits again this year. Just last week another major insurer pulled out of the exchanges. Further, the employer mandate is causing some employers to keep employees working fewer than 30 hours per week.

But the dysfunction of the current system is not justification to implement government-run health care, which in practice leads to rationing and ruinous expenses (even if some of this expense is hidden from the patient). According to the proposal's website, the "selection of specialists may be limited."

Vermont learned this lesson about the real expense of universal health care the hard way. Despite years of efforts, its Democratic governor shelved the plan at the end of 2014, saying: "The bottom line is that the risk of economic shock is too high."

On another front, Colorado small businesses face the threat of a 43 percent increase in the state minimum wage. This proposal would hit low-margin businesses with high labor costs such as restaurants and retail shops especially hard.

To absorb the new costs, some of these businesses would be forced to reduce job opportunities by reducing

hours, shifting to automation and staffing fewer employees per shift. (This is happening in states like New York and California that have pursued similar dramatic wage hikes.)

Economists from Miami and Trinity University used Congressional Budget Office methodology to conclude that 10,000 jobs would be lost in the state at a \$12 minimum wage.

Research by Dr. Eric Fruits, president and CEO of Economics International Corp., finds that an even bigger number of jobs would be lost. The loss of these valuable career opportunities would be concentrated among young and less-skilled jobseekers - i.e., those who need them the most.

To highlight these and other threats facing small businesses in the state, the Job Creators Network held a Bring Small Businesses Back event in Aurora on Monday. The event, which is part of a nationwide bus tour to hear the struggles facing local small businesses, featured Rep. Mike Coffman. Its goal was to identify solutions to these hurdles that small businesses face.

While the rest of the nation is consumed with the presidential race, Colorado residents face the more important decision of what direction to take their state.

They should ignore the siren songs of state-run health care and minimum wage increases.

Alfredo Ortiz is president and CEO of the Job Creators Network.