



The Agenda for Colorado's Entrepreneurs

Small Business Majority has created a comprehensive state policy agenda to ensure entrepreneurship is at the center of a thriving and inclusive economy in Colorado. The state's 611,000 small businesses employ 1.1 million people (about half of the private workforce) and created more than 52,000 jobs in 2015. This is why it's critical that state lawmakers enact policies to support and empower these entrepreneurs, guaranteeing they have access to capital to start and grow their business, affordable and quality healthcare and benefit programs that will make it easier for them to attract and retain talented employees.

Expand healthcare access and affordability

Colorado has made significant strides when it comes to expanding access to healthcare, yet thousands remain uninsured, including many entrepreneurs and small business employees. Colorado can address its remaining uninsured rate and promote more affordability for small businesses through common-sense policies to strengthen healthcare markets and expand health coverage. Specific proposals include:

- **Expand coverage options by passing legislation that would create a public option for health coverage.** Allowing individuals to buy in to public health plans such as the state Medicaid program will make great strides in ensuring freelancers and solo entrepreneurs have access to affordable healthcare coverage.
- **Address the rising cost of prescription drugs**, which is [hurting small businesses' bottom lines](#), by passing the Colorado Prescription Drug Pricing Transparency Act. The legislation would require health insurers to submit information regarding prescription drugs covered under their health insurance plans and prescription drug manufacturers to provide notice when they increase the price of certain prescription drugs.
- **Include reproductive health coverage guarantees in the state statute.** The Trump administration is attempting to roll back rules established under the Affordable Care Act that require employer-sponsored coverage of birth control, which can create an imbalance in the health marketplaces for businesses that continue to provide this coverage. Colorado can address this at the state level by requiring private and public health benefit plans regulated by the state to cover the full range of reproductive healthcare without a deductible, copayment or any other cost-sharing requirement. Our [polling](#) has found that access to reproductive healthcare and birth control is critical to women entrepreneurs as they launch and grow their businesses.
- **Create a state reinsurance program**, which would help stabilize premiums in the individual marketplaces by providing support for insurers facing high financial losses. States such as Maryland, New Jersey, Maine and others have been approved to implement their own reinsurance programs to protect their states' marketplaces.

Ensure Colorado entrepreneurs and small business employees have access to retirement and paid family and medical leave

Colorado's entrepreneurs and small business employees need a modernized benefits infrastructure that promotes quality jobs for those who do not work for large organizations. They also need a level playing field with larger companies that offer benefits that smaller businesses struggle to provide. Indeed, Small Business Majority's [polling](#) found three in five Colorado small employers do not currently provide a workplace retirement savings plan, citing cost as the primary reason. Lawmakers must address the particular challenges small business owners face in being able to offer benefits that are crucial to finding and retaining skilled workers, and close a critical gap in independent entrepreneurs' access to retirement and paid family and medical leave.

- **Pass legislation to create the Colorado Secure Savings Plan**, establishing a board to study and implement a state-run retirement savings program to help more small businesses, their employees and independent entrepreneurs access retirement plans. The plan would be funded through modest employee deductions, helping Colorado's small businesses provide access to a critical program without taking on the expense or administrative burden.
- **Create a state-run paid leave family and medical leave insurance program.** This program would allow small business employees and the self-employed to access parental leave or to handle serious health conditions for themselves and family members.

Support entrepreneurship and reduce barriers to business formation

A healthy entrepreneurial ecosystem provides an innovative and singular pathway for women, people of color, youth, veterans, disabled people and immigrants to enter the mainstream American economy and build income and independence. State lawmakers can support Colorado's entrepreneurs and independent workers by implementing the following policy recommendations:

- **Conduct regular reviews of state and local business licensing requirements.** Some municipalities have their own rules and regulations, so lawmakers should consider streamlining these in order to ease the process of compliance for entrepreneurs while also increasing education efforts regarding business licensing and permits.
- **Update regulations to make it easier for home-based child care providers to maintain and grow their businesses.** Administering up-to-date regulations and providing more education about business licensing could incentivize individuals to begin child care businesses, and in turn, provide support for parents looking to enter the workforce. We recommend that lawmakers study how existing regulations both help and harm home-based child care providers and develop an action plan based on the findings.
- **Create an income tax credit for early childhood educators**, like the proposed Early Childhood Educator Tax Credit, that supports home-based child care providers. Individuals that obtain a specific certification level would be eligible to receive the credit, including home-based providers. This financial support for providers will encourage business expansion and improve the quality of child care, allowing for increased workforce participation.

Increase tax fairness for small businesses

Policymakers should take steps to level the playing field for small businesses and drive our economy from the bottom up by implementing tax policies that will help all entrepreneurs. This should include simplifying and correcting existing tax policy to ensure ease of compliance for small business owners, as well as proactive solutions that would further boost and incentivize Main Street small businesses.

- **Simplify new online sales tax rules to ensure that the sales tax collection process doesn't become a regulatory burden for entrepreneurs.** In June 2018, the Supreme Court issued a ruling that allows states to require firms to collect online sales tax purchases, even if a business has no physical presence in the state. In December 2018, Colorado announced new rules for both out-of-state and in-state sellers to collect sales tax, but there is lack of clarity for small business owners on whose responsibility it is to collect these taxes. Further complicating matters, several cities and counties in the state have autonomy in administering, collecting and auditing. Small businesses often lack an accounting team to assist with compliance and its costs. New legislation must simplify these changes and reduce the burden on Colorado's entrepreneurs.
- **Expand the Child Tax Credit (CTC)** by reducing the age and income threshold required to receive the credit. Many Colorado families make use of the federal tax credit and thousands would benefit from an expansion of the state credit, including numerous small business employees and entrepreneurs.