

Statement by Richard Eidlin
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Good afternoon – Madame Chair and members of the House Finance Committee. My name is Richard Eidlin and I'm the Vice President of Policy with the American Sustainable Business Council and a Denver resident. The Council, through its members and business member organizations represents 200,000 small and mid-sized businesses of all sizes across the United States.

I am pleased to submit written testimony today in support of HB16-1275. Taxes pay for the essential assets of a modern economy; especially, all the things that businesses depend on. These include physical infrastructure such as roads, bridges, airports, and pipelines; institutional assets such as efficient, transparent marketplaces, courts, and regulatory bodies that keep our food, medicine and water safe; and intellectual and social assets such as educated workers with in-demand skills; and state-of-the-art university programs that turn out graduates capable of world-class R&D. As Warren Buffet has suggested, he would not have been anywhere near as successful in business in Madagascar.

Every business needs to pay its fair share of taxes to maintain and strengthen the state's education system, as HB16-1275 does. Colorado's economic progress is

undermined when the tax code rewards financial manipulation rather than innovation and productive investment. Here in Colorado, over 80% of our businesses are small companies.

HB16-1275 is smart to acknowledge that tax havens present a challenge to Colorado's fiscal solvency. Tax loopholes afford large corporations an unearned advantage over small ones; often causing small businesses to pay a disproportionate share of taxes. The bill you're considering today will help level the tax playing field for those companies who do not have the resources or access that some multinational corporations use to offshore tax loopholes that unfairly reduce their tax burdens. And, in the process shifting that responsibility to smaller companies.

Scientific polling released by the American Sustainable Business Council in 2012 shows that small business owners strongly support closing overseas corporate tax loopholes and they strongly prefer closing tax loopholes to cutting investments to strengthen the economy. Ninety-one percent of the business owners surveyed said it was a problem when multinational corporations used accounting loopholes to shift their U.S. profits to offshore subsidiaries to avoid paying taxes. Republicans outnumbered Democrats in the poll. Offshore tax abuse is not a Democratic issue or a Republican issue, it is an American issue.

We support the bill's intention to enable the Dept. of Revenue to discover if any of the money CO based companies report in offshore tax havens is really money earned here in Colorado or anywhere else in the US, and thus, should be counted toward taxable income calculation. At present, the Department of Revenue lacks the authority to secure this type of information concerning whether revenues attributed to subsidiaries in other countries should in fact be attributed here.

Put another way – if you make money in Colorado, you should play by Colorado's rules. If you make money in Lichtenstein, you should play by Lichtenstein's rules.

The American Sustainable Business Council and the Main Street Alliance have launched the Proud to Be an American Business pledge. Hundreds of businesses have signed and more are signing every day. The pledge is a declaration that American businesses recognize that this unfair loophole only benefits a few businesses and instead shifts the burden of taxes to many other taxpayers – both individuals and businesses.

Here in CO, many small businesses face many unmet needs in running their businesses. They suffer from our deteriorating infrastructure, which causes shipping delays and the need to carry extra inventory. They worry about water main breaks or power system failures that would cause them to close their doors while repairs are made. And they express concern about the development and education of their future workforce.

To truly create a sustainable Colorado economy, the legislature must reform our tax system to put all businesses on a level playing field to pay for the necessary investments that every business, big or small, relies on to be successful. We stand supportive of HB16-1275.

Thank you.