



January 30, 2017

Re.: City of Boulder Exploratory Work on a Potential Head Tax Ballot Item

Dear Mayor Jones and Members of City Council

The Boulder Chamber asks that City Council refrain from further exploration of a potential head tax. Our key principles for this request mirror those of the businesses City staff recently surveyed regarding this issue and generally reflect our strong concern about the negative impacts of adding additional costs to doing business in Boulder, both for employers and employees.

As reflected in the staff survey, nearly all responding employers expressed either outright concern about the head tax or questioned the need for it. They note, without specific prodding, that such a tax makes it harder to keep businesses in Boulder. This impact is especially pronounced for small businesses and non-profits. These aren't merely the sentiments of employers, as employees in local businesses are already bearing higher than average costs associated with working in this community, whether they live in Boulder or commute into town.

With respect to the high cost of doing business in Boulder, the long list that City staff prepared of taxes and fees currently imposed on small businesses is extensive – many of which were added in the last two years. In addition to the staff list in the study session packet, there are additional substantial city fees, taxes and other public costs our local businesses must absorb. These are simply the larger significant current costs; there are certainly more.

- Property taxes (proportionally higher than residential due to the Gallagher Amendment)
- The 2017 state-wide minimum wage increase
- Sales and use taxes (supplier purchases, capital expenditures, employee purchases locally)
- Water, wastewater and stormwater utility fees (proportionally higher than residential due to 2015 rate increases)
- Development impact fees & excise taxes (municipal services [public safety, etc.], affordable housing, transportation, parks)
- Commercial energy reporting, assessments, & “retro-commissioning” (capital/energy efficiency improvements)
- Building permit fees and sales taxes
- Plant investment fees
- Entitlement/development review fees
- Inclusionary housing or cash-in-lieu payments
- Right-of-way dedication
- Public easements

The cumulative impact of all these taxes, fees and regulatory costs are taking a heavy toll on our local businesses. It is not surprising, therefore, that you've heard the feedback that a proposed head tax would be the veritable straw that breaks the camel's back – leading businesses, both non-profit and for-profit, to close and/or move outside of our community.

Finally, much like many in the survey articulated, the Boulder Chamber feels strongly that it is inappropriate to pursue an additional tax, particularly a new taxing mechanism, without a clearly defined need or understanding of the goals for establishing a new revenue source. As the survey highlights, there are items the businesses community sees as beneficial to fund through a taxing mechanism, however, that doesn't correlate with a justification of a targeted group covering the associated costs, nor does that correlate with this taxing mechanism as the appropriate revenue source.

For all of the above reasons, we ask City Council to reject further exploration of the proposed head tax. The Boulder Chamber stands in partnership with all of you to help resolve new challenges and/or seize valuable opportunities for our community; on many occasions this entailed direct public appeals for increased revenue through local tax initiatives. However, as you see from your own polling, and the concerns we outline above, the proposed head tax represents an unsustainable additional burden for our local businesses.

Thank you for your strong consideration of these concerns. We look forward to working together on more constructive initiatives throughout 2017.

Regards,

John L. Tayer
President & CEO