



Survey of 156 Business Leaders in the State of Colorado

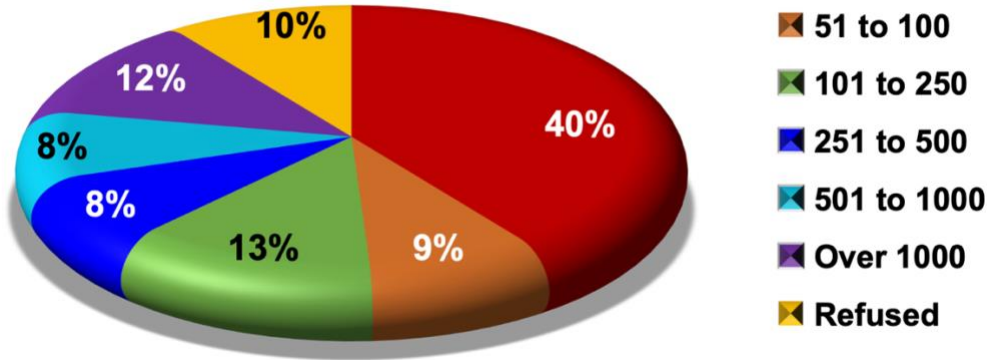
Conducted by Cole Hargrave Snodgrass & Associates on behalf of the Colorado Chamber of Commerce

The Colorado Chamber of Commerce commissioned CHS & Associates to conduct a detailed poll of 156 businesses leaders in Colorado to assess economic outlook, sentiments on major policy issues, and challenges facing the state business climate. CHS & Associates frequently conducts similar economic surveys in other states and has been working with state chambers to poll the business community for 20 years.

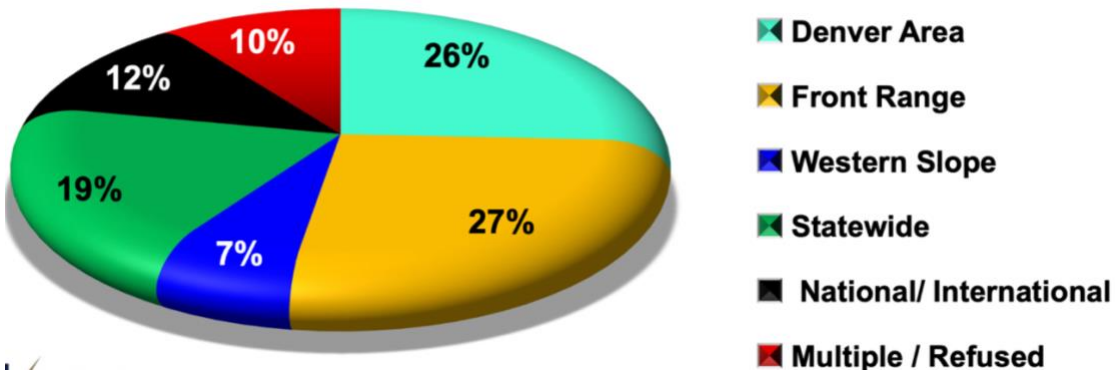
The interviews were conducted between June 26 and July 28, 2023.

Survey Demographics

Number of Colorado Employees



Area of Primary Business Activity



2022 Business Leaders Survey: Key Findings

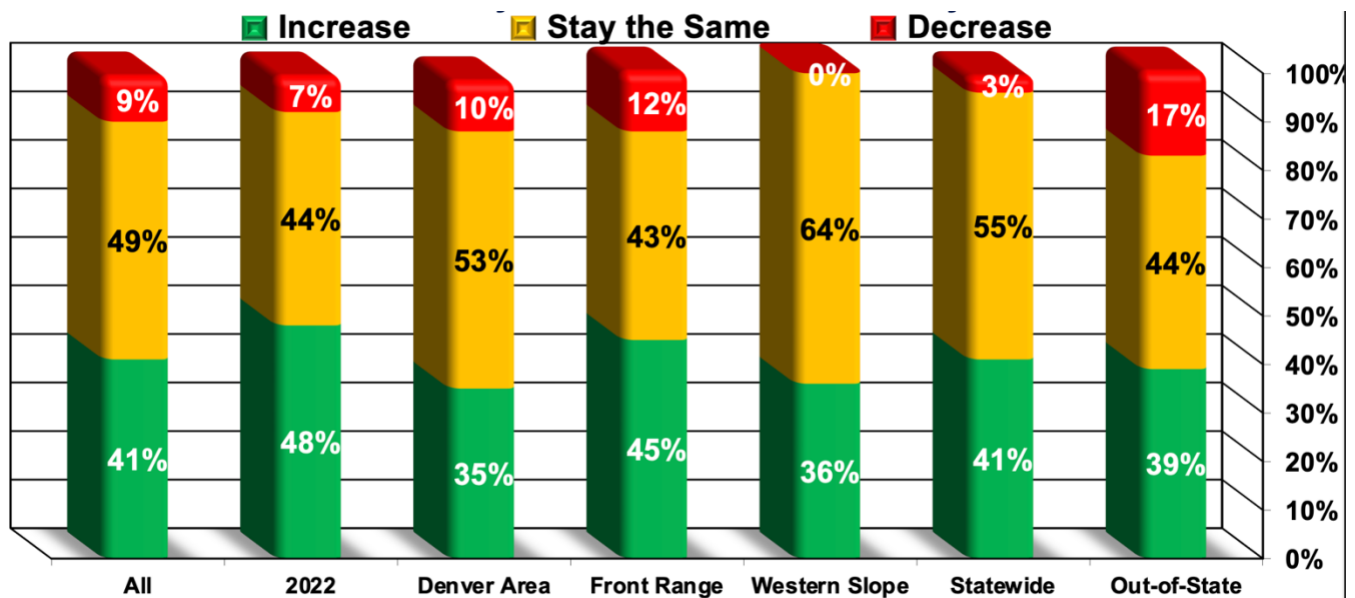
Economic Outlook and Overall Sentiment:

Business leaders have a more dire view of the current economy with only 40% of respondents believing the state’s economy is headed in the right direction while 60% say it is on the wrong track. This is a net change of 13-points in the negative direction since last year (in 2022, the breakdown was 46% right track / 53% wrong track).

There is some optimism on the workforce front as 34% say they have increased the number of employees and only 16% have reduced. In the coming year, 41% of respondents expect to hire more and only 9% expect to cut their workforce.

Workforce Size Over the Next Year

2% Increase Substantially; 39% Increase Moderately; 49% Stay the Same; 8% Decrease Moderately; 1% Decrease Substantially; 1% Undecided



Top Business Issues – Regulatory Environment Remains Major Concern in Colorado:

Colorado’s regulatory climate has become a greater concern to employers year-over-year. Most states in which CHS operates are seeing the workforce issue dominate, but in Colorado, the concern about the state regulatory climate sets it apart.

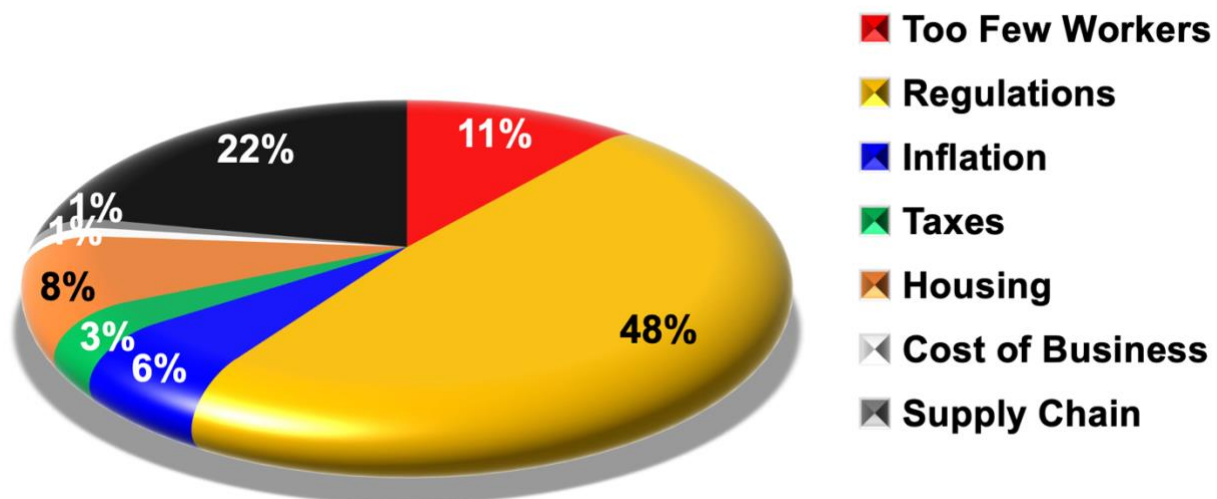
On an open-ended question asking the top concern among employers, a stark 48% of respondents said regulations while workforce needs were a distant second (11%). In 2022, 26% identified regulations as the top issue and 27% cited workforce concerns.

The concern about regulations is reconfirmed when respondents select from a list the biggest challenge facing their business. Here, 25% select regulatory mandates and costs as their top concern, followed by finding and retaining skilled employees at 14% and housing at 14%.

Concern about the regulatory environment is particularly acute at the state level (64%) while only 15% say it is the federal government and 15% say it is the local government level.

Most Important Issues for Colorado Businesses

Excessive regulations dominate the initial open-ended question and escalated as a concern for business leaders compared to last year. The regulatory burden is higher in Colorado compared to other states where CHS & Associates conducts surveys. Also of note, while workforce is the second most important issue, it has decreased by 16% compared to 2022.



Most Important Issues to Profitability and Growth

When respondents are asked to pick the most important out of 13 issues, regulation and workforce issues continue to dominate the concerns. One-quarter select regulatory mandates

and costs as their top concern, followed by finding and retaining skilled employees at 14% and housing at 14%. Fully 65% say regulatory compliance was one of their top three issues when asked to choose from a list of 13 issues.

Top 3 Challenges	Top Challenge	Second Challenge	In Top 3
Regulations creating mandates & costs	25%	16%	65%
Finding / retaining skilled employees	14%	22%	51%
Affordable and attainable housing	14%	10%	34%
Inflation and increased cost of goods	10%	16%	43%
Homelessness or public safety concerns	6%	5%	20%
The overall tax climate	6%	3%	15%
Controlling health care costs	5%	9%	16%
Supply chain problems	5%	5%	18%
Public safety and crime issues	5%	4%	15%
Fuel and energy costs	3%	3%	7%
Frivolous lawsuits / liability insurance costs	2%	3%	9%
Unemployment insurance premium costs	2%	1%	4%
Finding childcare for employees	1%	1%	3%

Regarding regulations, the top area of concern is very clearly in the labor and employment area (29% say they are the most concerning regulations; 73% have this in their top three of eight options). Regulatory fees, like Colorado’s retail delivery fee, is the top concern of 19% of respondents, while environmental regulations like permitting are the top concern for 13%.

Most Concerning Regulatory Burden

Most Burdensome Regulations	First	Second	In Top 3
Labor and employment-related requirements (such as paid leave)	29%	36%	73%
New regulatory fees (such as Colorado’s retail delivery fee)	19%	11%	40%

Environmental regulations, including permitting	13%	27%	46%
Data and customer privacy regulations	9%	10%	24%
Licensing requirements	9%	4%	21%
Financial services related requirements	6%	7%	14%
Zoning, noise, or nuisance compliance	4%	5%	12%
Workplace safety	1%	1%	5%

The majority of respondents (57%) say that Colorado’s new family and medical leave mandate is their most costly labor and employment regulatory burden. This dwarfs traditional areas of concern like unemployment or workers compensation insurance. Also seen is a heightened concern about the cost of sick leave mandates and wage transparency rules.

Most Costly Employment Regulations	Most Costly
Colorado’s new Family and Medical Leave Insurance policy	57%
Paid sick leave mandates	27%
Complying with wage transparency rules	26%
Increased Unemployment Insurance costs	16%
Increased Workers Compensation costs	12%
Employment regulations are not a cost to my business	9%
Increased minimum wage requirements	8%
Requirement to offer 401k plans to employees	7%

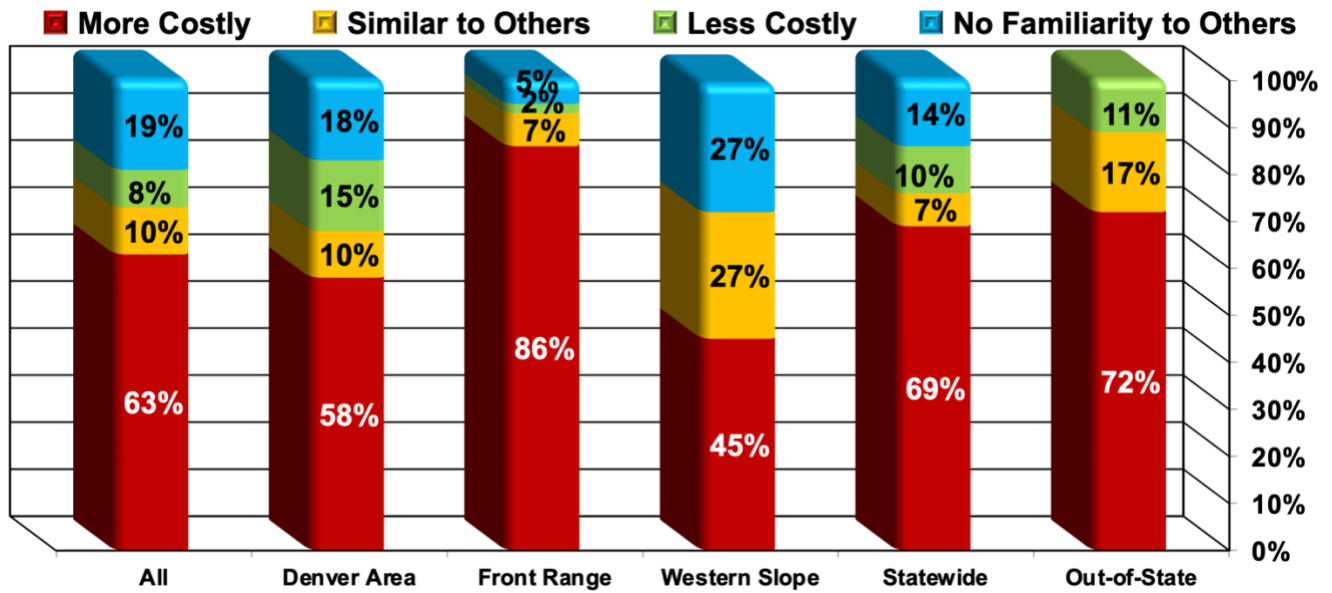
Among manufacturers, the most concerning environmental regulations were greenhouse gas reduction regulations, air quality regulations, water quality regulations, and the backlog or delay of permitting approval.

Most Costly Environmental Regulations	Mfg.
Environmental regulations are not a cost to my business	12%
Greenhouse gas reduction regulations	46%

Air quality regulations	35%
Backlog or delay of permitting approval from the state	19%
Electrification requirements	12%
Fuel/gas taxes	15%
Oil and gas/drilling regulations	4%
Water quality regulations	19%

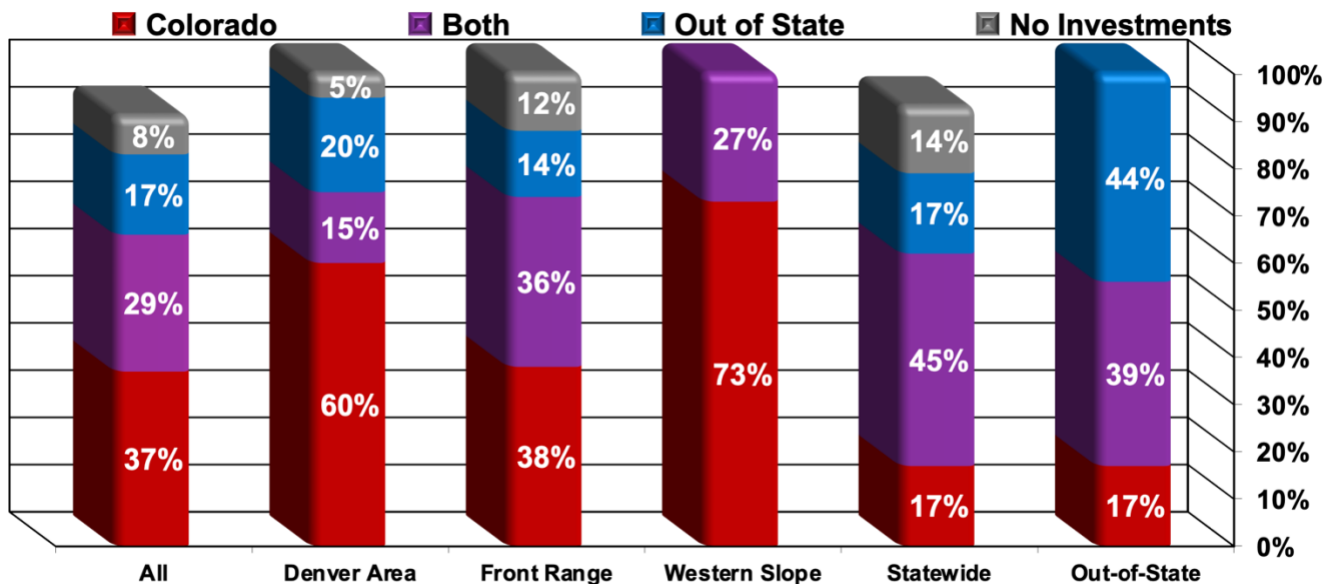
Colorado’s Economic Competitiveness:

Perhaps the most concerning finding of the study is that 63% of the business leaders believe Colorado’s business environment is more costly or burdensome than in most other states. Only 8% say it is less costly. Those with experience working in other states have even stronger views, with 72% saying Colorado has a more costly business climate.



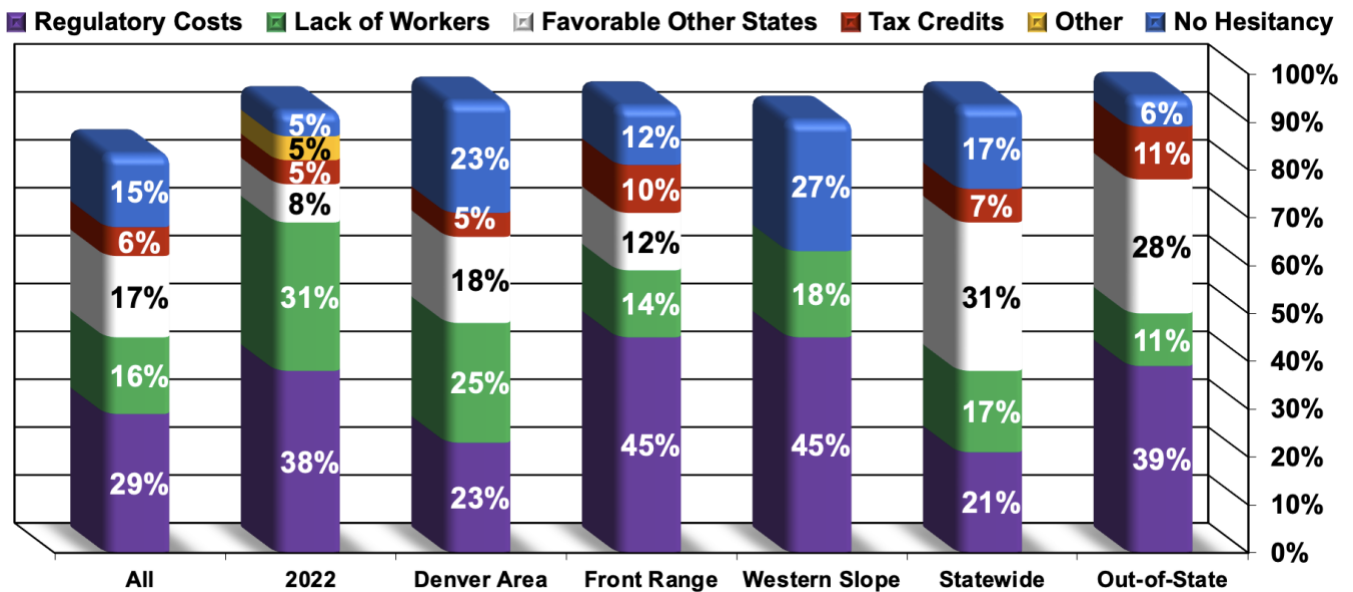
Business Investments Over the Next Year

37% in Colorado; 17% Out of State; 29% Both; 8% Won't Make Investments; 9% Undecided



When asked about future investments being made by their company, 46% said at least some of those investments will be made out of state. Among those already operating in multiple states, the number hit 83% while only 17% said they intend to solely invest in Colorado.

The primary reason Colorado business leaders are hesitant to invest in Colorado has to do with regulatory costs in the state (29%), but other reasons include other states having a more favorable business climate (17%) and a lack of workers (16%). Companies with out of state operations have stronger feelings about the business climate, with 39% saying Colorado’s regulatory costs are the biggest hesitation and 28% citing a favorable business climate in other states.



Colorado’s Workforce – Labor Shortage, Workforce Quality and Higher Education:

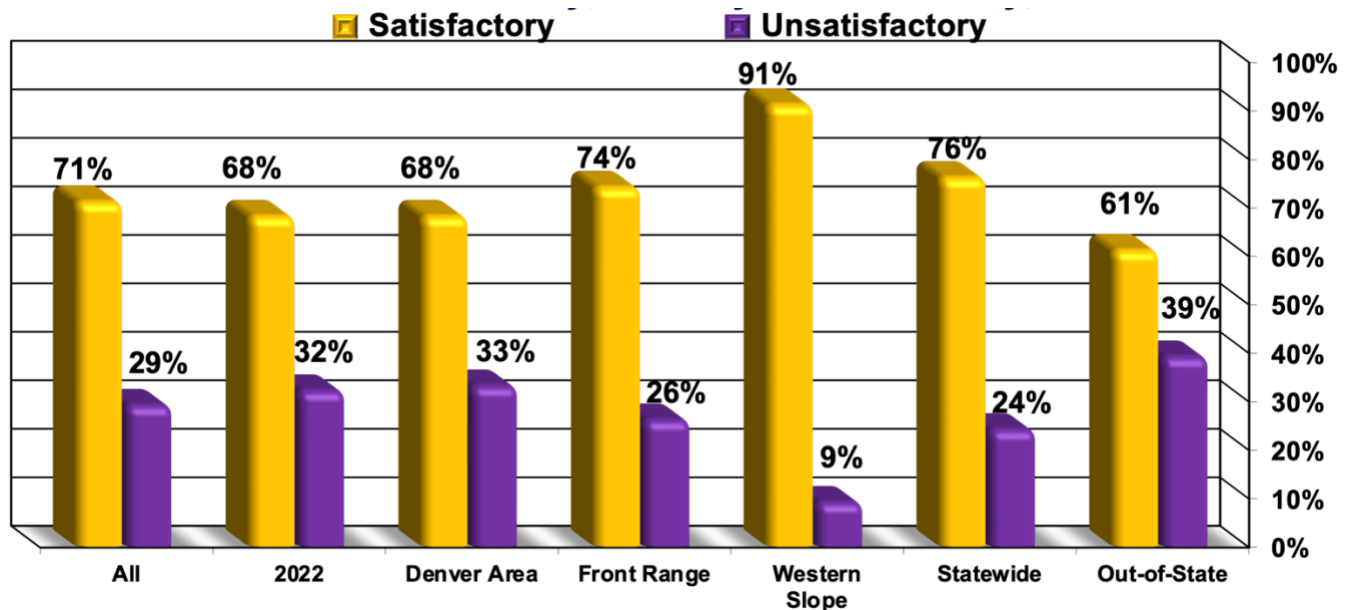
Down from the 66% recorded last year, the challenge of filling positions still exists as 48% report having job openings that are difficult to fill. This is particularly strong among companies with more than 100 employees (65%) and manufacturers (65%).

Colorado businesses are addressing the workforce shortage with 77% saying they have increased employee compensation in the last year. This follows 76% who said they had done so in the previous year. This is higher among those whose primary activities are in the Denver area (85%) and manufacturers (88%).

While 71% of Colorado businesses say they are satisfied with the workforce (up from 68% in 2022), it is still far from a ringing endorsement as only 13% say they are very satisfied. Those operating in multiple states are the least likely to say they are satisfied with Colorado’s workforce (61%).

Satisfaction with Workforce

13% Very Satisfactory; 58% Somewhat Satisfactory; 25% Somewhat Unsatisfactory; 4% Very Unsatisfactory; 0% Undecided



When asked to select from a list of what needs improvement among the Colorado workforce, technical skills (33%), soft skills (29%), and professional experience (22%) go to the top. What is interesting is that compared to is seen in other CHS & Associates studies, there appears to be less concern about scheduling (8%), passing a drug test (3%), or finding employees with college degrees (2%) in Colorado.

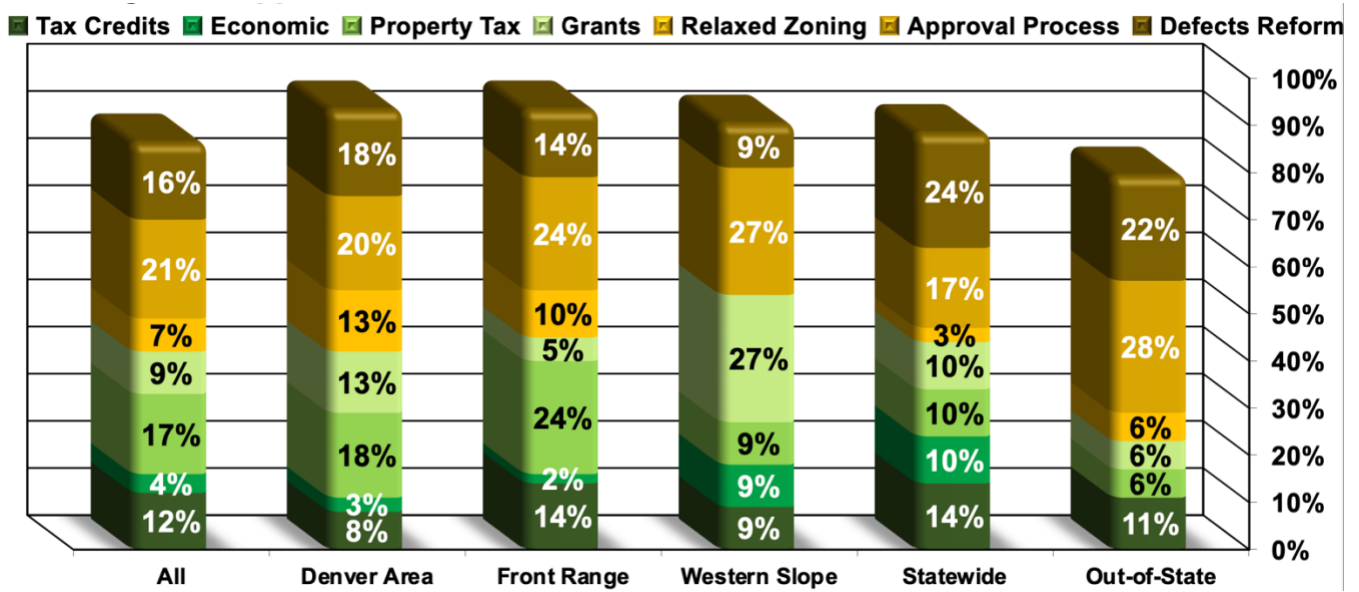
Blame for not being able to attract and retain workforce talent centers around the related high cost of living (76% say it is in the top two concerns) and housing attainability (53% say it is in the top two concerns). Issues like infrastructure (10% in top two), and availability of childcare (10% in top two) trail these other aspects by very wide margins – margins that are significantly wider in Colorado than seen in other states.

Most Significant Barriers	Top 2 Barriers
High cost of living	76%
Housing attainability	53%
Lack of adequate infrastructure (transportation, utilities)	10%
Affordability and availability of childcare	10%
Federal immigration/visa policies	9%
The state’s education system	7%
Health care accessibility	1%
Other	-

Employers recognize the need for more attainable housing, with 85% of respondents supporting at least some effort to improve affordability and availability of housing in the state. Fully 42% favor economic incentives like grants, tax credits, or property tax relief, while 43% support reforms to the home building processes.

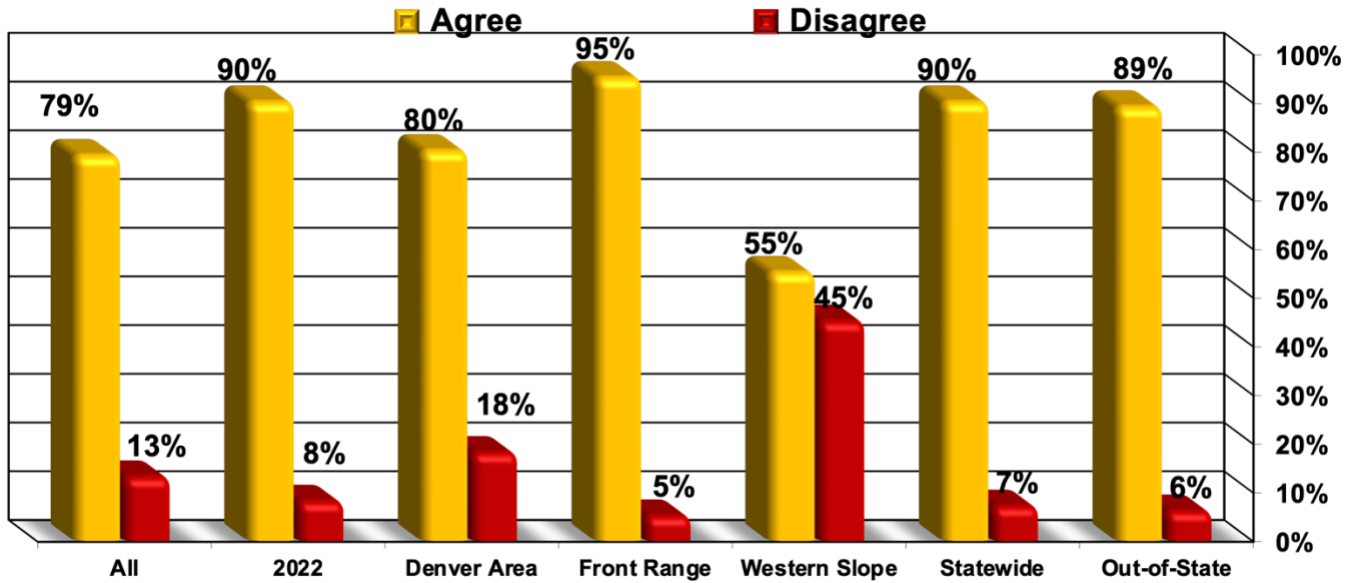
Support Affordability & Availably of Housing

12% Tax Credits; 4% Economic Incentives; 17% Property Tax; 9% Grants; 7% Relaxed Zoning; 21% Approval Process; 16% Construction Defects Reform



A very strong majority (79%) of respondents support higher education incentivizing students to pursue careers in areas of greater workforce needs. This is strongest among companies with more than 250 employees (93%).

Incentivize Students in Greater Workforce Needs
 38% Strongly Agree; 41% Somewhat Agree; 12% Somewhat Disagree;
 1% Strongly Disagree; 8% Undecided

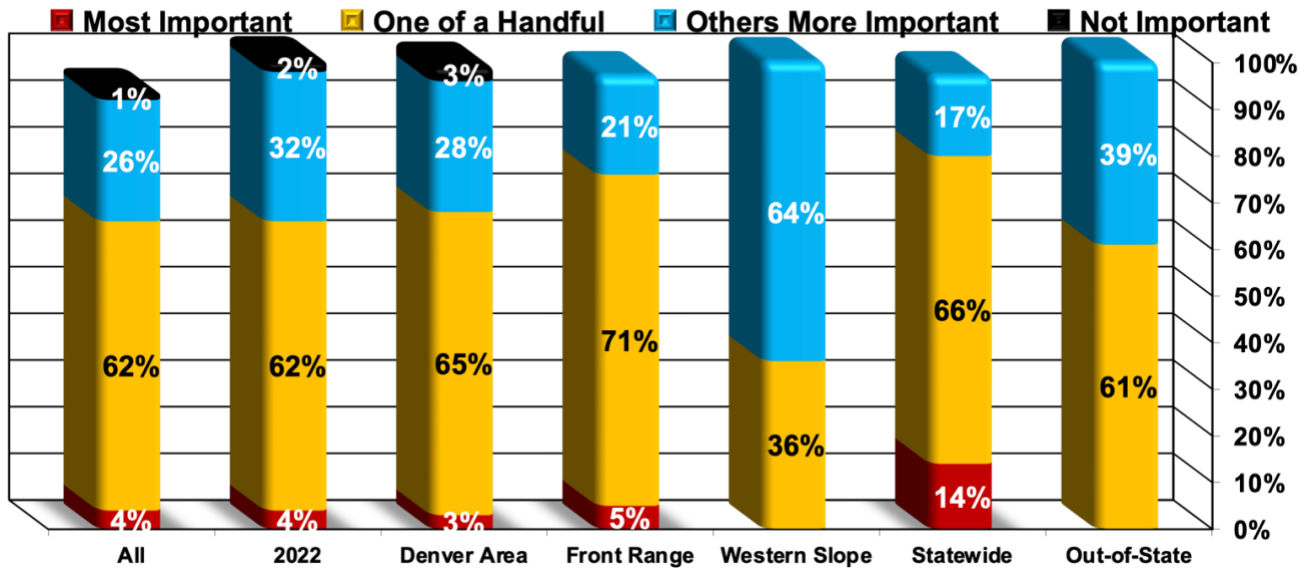


Those in Professional Services (94%) and companies with at least 250 employees (93%) remain almost universally supportive of incentivizing students. Also of note, more manufacturers (85%) support incentivizing students than last year (78%).

Other Policy Issues:

Importance of Legal Reform and Reducing Costs

Two-thirds of respondents say that legal reform is either the single most important issue being faced in the state (4%) or one of only a handful of important issues (62%). Just 1% say legal reform is not an important area.



On health insurance, the numbers are similar with 72% saying it is either the most important (6%) or one of a handful of important issues (66%). Concern about health insurance spikes slightly among those with fewer than 100 employees and those in manufacturing.

Importance of Health Insurance & Reducing Costs

