Strat ACUMEN GROUP

COLORADO CHAMBER OF COMMERCE

REGULATION IMPACT ANALYSIS REPORT 2024

TABLE OF CONTENTS

EXECUTIVE SUMMARY

The Regulation Impact Analysis Report, prepared by the StratACUMEN team for the Colorado Chamber of Commerce, provides a comprehensive examination of the effects of increasing regulatory burdens on the state's economy, businesses, and workforce. As Colorado navigates a complex regulatory landscape, this report highlights critical findings regarding the economic consequences of heightened regulations, particularly for Small and Medium-Sized Businesses (SMBs). The analysis reveals that a 10% increase in industry-specific regulations correlates with notable declines in business startups and employment rates, indicating a significant challenge for economic growth.

This report underscores the multifaceted impacts of regulations, including rising consumer prices and disproportionate effects on low-income households. For instance, for every 10% aggregate increase in business regulations, each Small and Medium-Sized Business in Colorado loses up to 2.66 jobs. The financial strain of regulatory compliance also contributes to lost sales. Small and Medium-Sized Businesses experience a loss of up to 3.5 jobs annually due to sales lost after a 10% increase in business regulations. Additionally, the large number and the complexity of business regulations can further exacerbate job losses. These job losses could reach up to 1.75 jobs per Small and Medium-Sized Business annually. These consequences often arise from regulations that do not achieve their intended goals, ultimately hindering the growth and sustainability of Small and Medium-sized Businesses. The findings further suggest that regulations contribute to greater income inequality.

Additionally, this report presents a detailed overview of Colorado's regulatory environment, including a comparative analysis of state-specific regulations versus federal standards. It highlights the necessity of reforming excessive regulations which impede economic activity and hinder the potential for job creation. By evaluating successful regulatory reforms from other regions, this report offers actionable recommendations for fostering a more conducive business environment in Colorado.

In summary, the cumulative effects of business regulations in Colorado are evident, with significant potential job losses associated with compliance costs, lost sales, and unintended consequences. Addressing these regulatory challenges is crucial for fostering a more supportive environment for the statewide business community.

PURPOSE OF THE REPORT

The primary purpose of this report is to assess the impact of regulatory practices on Colorado's business landscape and economic health. Prepared by the StratACUMEN team, the report aims to inform stakeholders, including policymakers, business leaders, and the general public, about the challenges and opportunities presented by the current regulatory framework.

01
Identify Key Trends

Highlight the signifi+
cant trends in regula+
tory policies and their
implications for
various industries
within Colorado.

02
Analyze Economic Consequences

Examine the economic
consequences of increa+
sing regulations, particu+
larly on employment,
business growth, and
consumer prices.

03
Evaluate Human Impact

Assess how regulatory
burdens disproportio+
nately affect vulnerable
populations, including
low-income households
and marginalized
communities.

04
Propose Solutions

Recommend feasible
policy changes and
regulatory reforms aimed
at reducing excessive
regulations, thereby
fostering a more suppor+
tive environment for
business and economic
growth.

Through this analysis, the report aspires to contribute to ongoing discussions about regulatory reform in Colorado, advocating for balanced approaches that prioritize both economic vitality and social responsibility. Most regulations are initially proposed with very good intentions, usually to protect the vulnerable and to improve the health, well-being, and quality of life of the state’s residents. It is not uncommon for such proposed and passed regulations to result in unintended negative consequences. In this report, solutions for mitigating such unintended consequences are presented and discussed.

THE StratACUMEN TEAM

The StratACUMEN team is a dedicated group of professionals with extensive experience in market research, regulatory analysis, and strategic business consulting. Committed to providing actionable insights, the team combines academic rigor with practical expertise to assess the complex landscape of regulations impacting businesses in Colorado.

With a diverse skill set encompassing economics, public policy, and business management, the StratACUMEN team employs a comprehensive methodology to evaluate the implications of regulatory practices. Their approach integrates quantitative data analysis and thorough literature reviews, ensuring a well-rounded understanding of how regulations affect various industries and the overall economic environment.

The team's commitment to delivering high-quality research is reflected in their thorough examination of the regulatory environment in Colorado. By analyzing data trends and reviewing existing literature, the StratACUMEN team aims to equip policymakers, business leaders, and the public with the knowledge necessary to make informed decisions regarding regulatory reforms.

Through this report, the StratACUMEN team seeks to highlight the pressing issues faced by businesses in Colorado, advocating for a regulatory framework that balances economic growth with social responsibility. Their expertise not only enriches the analysis presented in this report but also positions them as a reliable partner for organizations looking to navigate the complexities of regulatory compliance and strategic planning.

Dr. Memo Diriker

Dr. Memo Diriker is a faculty member in the Marketing Department at Salisbury University's Franklin P. Perdue School of Business and the founder and former director of the University's BEACON network, which conducts applied business and economic research. After leading BEACON for 32 years, he transitioned back to teaching and launched the StratACUMEN Group in 2021.

Dr. Diriker serves as the Board Chair of TidalHealth, a regional health system, and holds positions on several boards, including Peninsula Ventures, United Way of the Lower Eastern Shore, Shore Hatchery, and Epoch Dream Center. He has also served in leadership roles on various boards and organizations, including Leadership Maryland and the Maryland Chamber of Commerce Foundation.

A recipient of numerous awards, Dr. Diriker has led over 500 research projects with more than $20 million in funding. He has authored/co-authored multiple articles and a book, is a sought-after speaker, and is fluent in three languages.

Dustin Chambers

After earning a Ph.D. in Economics from the University of California, Riverside in 2004, Dustin began his academic career at Salisbury University, where he became a full Professor of Economics in 2017. As a trained econometrician, Dustin has focused on data-intensive, empirical research, publishing over 40 peer-reviewed papers, policy papers, and journal articles.

Dustin has conducted research for organizations including the National Governors Association, The Pew Charitable Trust, The Mercatus Center, and The Center for Growth and Opportunity. He has worked with a wide range of clients through the Business Economic & Community Outreach Network (BEACON) at Salisbury University. Outside of academia, he has founded two startups and consulted for companies like Zillabyte (Y Combinator funded) and Tala (formerly Inventure Capital Corporation, Google-funded).

Dustin has provided expert testimony to the U.S. Senate, the Texas House of Representatives, and state lawmakers from 18 states. He has also been accepted as an expert witness by the U.S. District Court for the Eastern District of Virginia. In addition to his academic and consulting work, Dustin provides a range of data science services, including econometric analysis, data visualization, machine learning, and natural language processing. Outside of work, he enjoys spending time with his wife and two children on Maryland's Eastern Shore.

Colin O'Reilly

Colin O'Reilly is an Associate Professor of Economics and the Director of the Menard Family Center for Economic Inquiry at Creighton University. He earned his PhD in Economics from Suffolk University in 2014. At Creighton, he specializes in the study of institutions that promote economic development, with a particular focus on those that facilitate recovery in post-conflict settings. His work explores how economic institutions evolve in the wake of violent conflict and how these changes can foster long-term stability and growth.

In addition to his work on post-conflict recovery, Colin has published extensively on the impacts of regulation on the income distribution. His research delves into the ways that regulations shape economic behavior, dynamism and influence the distribution of wealth within societies. His articles have been featured in respected peer-reviewed journals, including Public Choice, Economica, and World Development.

As the Director of the Menard Family Center for Economic Inquiry, Colin leads efforts to advance economic research and foster collaboration within the academic community. He mentors undergraduate students and junior faculty, helping to cultivate a research-driven environment at Creighton. His contributions to the field extend beyond teaching and research, as he actively engages in policy discussions related to economic development, regulation, and institutional reform.

Irina Piatselchyts

Irina Piatselchyts is a senior partner at StratACUMEN and a seasoned marketing strategist with over a decade of experience. She is also a faculty member at Salisbury University, where she teaches digital marketing, advertising, and direct and interactive marketing courses. Her expertise spans market research, business strategy development, and the implementation of data-driven campaigns that help clients in both the private and public sectors achieve measurable growth.

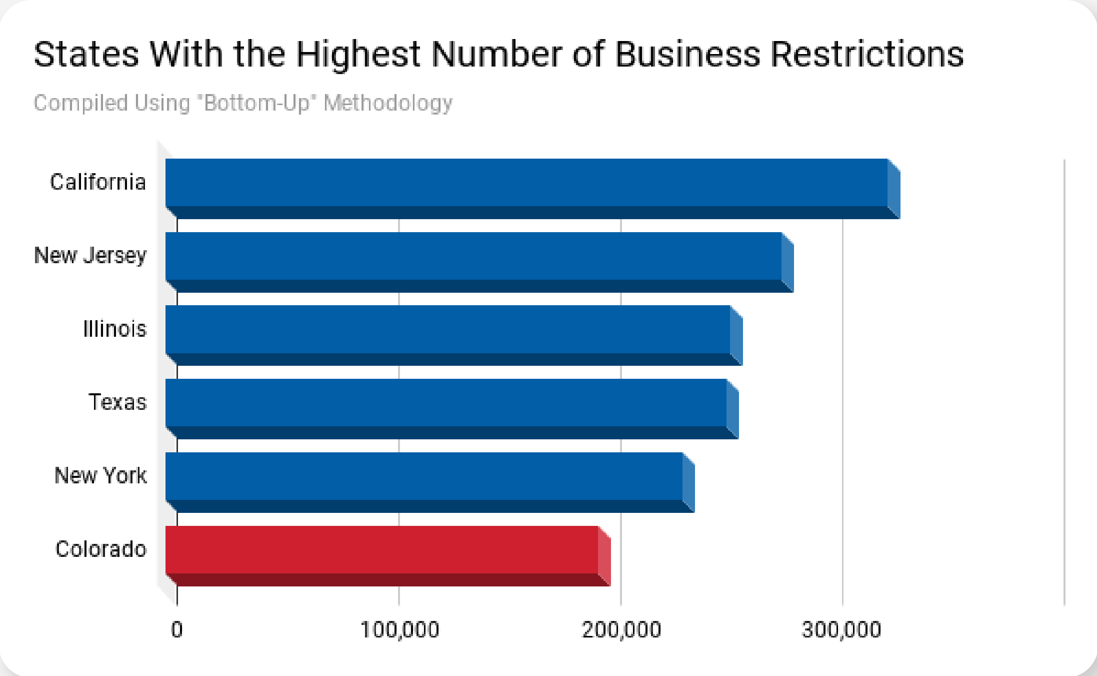
Irina has an established track record of success working with diverse clients across sectors, including nonprofit organizations, where she has provided strategic direction that aligns with broader legislative and community goals. Her work includes coaching award-winning teams in the Marketing Award for eXcellence & Innovation (MAXI) competition and helping small and medium-sized businesses expand their reach through targeted, effective marketing strategies.

Irina's multicultural background, fluency in four languages, and extensive travel experience offer a unique global perspective. She excels in cross-cultural communication and developing strategies that resonate with diverse audiences.

COLORADO STATE REGULATION LANDSCAPE

The Mercatus Center at George Mason University monitors the number of regulatory restrictions in federal and state administrative codes. A regulatory restriction refers to a command, prohibition, or obligation within regulatory statutes (such as "shall" or "must") that mandates compliant behavior from the regulated party. As of 2023, Colorado's regulatory code contains almost 170,000 distinct regulatory restrictions, ranking #12 among states in the U.S[1]. When all federal restrictions found in the U.S. Code of Federal Regulations are added to these state level restrictions, Colorado businesses face an astounding total of 1.3 million regulatory restrictions.

Because a single state regulation can apply to multiple industries, the 165,994 distinct state regulations lead to a significantly larger total (~200,000) when counting binding rules at the industry level through a "bottom-up" approach.



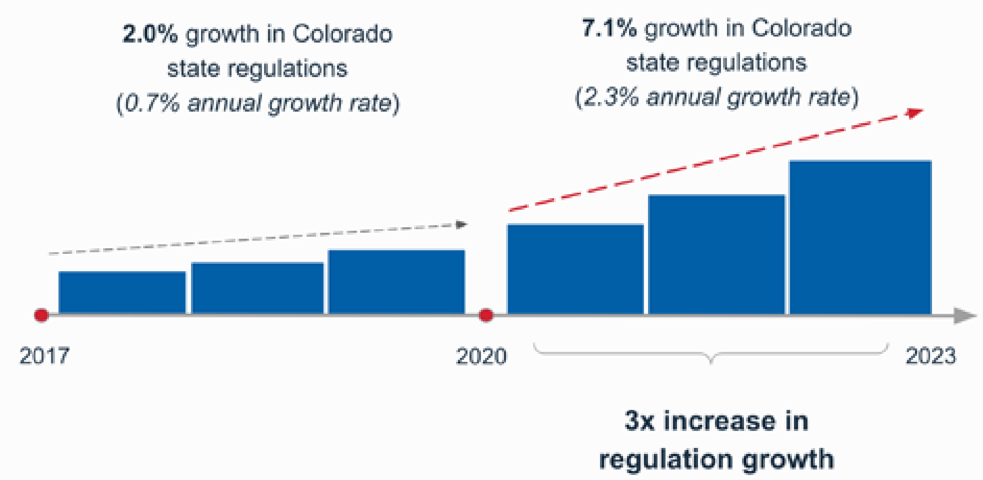
By the end of 2024, Colorado has already become the state with the sixth highest number of business restrictions. Using a "Bottom-Up" methodology, which accounts for regulations that apply across multiple industries, StratACUMEN estimates that the total number of restrictions has reached nearly 200,000 positioning the state as the sixth most regulated in the nation.

[1] To access the latest state and federal data on regulatory restrictions, visit https://www.quantgov.org

REGULATION IMPACT ON INDUSTRIES

According to the Mercatus Center, Colorado has a notably higher number of regulations related to the environment, health sciences, and social assistance compared to the average state. As shown in Appendix 1, the number of environmental rules in Colorado exceeds the average by 75% (53,550 versus 30,553 rules). A similar trend is observed at the industry level: Colorado has 227% more regulations concerning personal services (14,593 versus 4,460 rules), 194% more regulations related to health services (13,719 versus 4,673 rules), and 90% more regulations governing petroleum and coal product manufacturing (13,872 versus 7,292 rules)[2].

Despite the significant level of regulation in Colorado, trends are moving in the wrong direction. Between 2017 and 2020, regulations affecting Colorado's private industries grew by a total of 2%, equating to an annual growth rate of 0.7%. However, the pace of industry regulations surged to 7.1% (or 2.3% annually) from 2020 to 2023. For context, **federal regulations only increased by 1.3% during that same three-year period[3].**



> *"Having conducted more than 50 studies of businesses in other states, this is the greatest concern about the regulatory climate that I've ever recorded."*
>
> **~Pat McFerron, Pollster**

[2] Chambers and McLaughlin. 2024. "Colorado's Regulatory Landscape." Mercatus Center, https://www.mercatus.org/regsnapshots24/colorado

[3] According to the Mercatus Center, U.S. federal regulations increased from 1,078,046 to 1,091,863 regulatory restrictions between January 1, 2020, and January 4, 2023. Source: https://www.quantgov.org/federal-us-tracker

There has undoubtedly been an increase in overall state-level regulation in Colorado. However, some industries have experienced significantly greater growth in regulation than others. From 2020 to 2023, the personal services and pipeline transportation industries have been particularly affected, facing over a 100% increase in regulatory burdens.

Other industries, such as chemical manufacturing, petroleum products, and utilities, have also encountered substantial increases in regulation, with growth ranging from 25% to 60%.

Another way to look at this is how regulated industries in Colorado are compared to those same industries in other states.

Regulation Growth in Colorado, 2020-2023

Industry	Change	Change, %
Personal Services	7,694	112%
Chemical Manufacturing	5,117	58%
Petroleum and Coal Products Manufacturing	3,099	29%
Pipeline Transportation	1,242	133%
Utilities	1,128	46%

Full data table is available in Appendix 2

For example, if we look at the median level of regulation in non-metallic, mineral manufacturing, the U.S median is about 400 regulations in that industry but in Colorado it's over 3,000 regulations.

Colorado is seven times more regulated than the median state in that industry.

Other industries are also subject to a significant regulatory disadvantage. Pipeline transportation, petroleum products, mining and utilities all have two to six times more regulation than the U.S median.

Colorado Regulations by Industry

Industry	Regulations		CO to Median Ratio
	Colorado Total	U.S Median	
Nonmetallic Mineral Product Manufacturing	3,035	396	7.67
Pipeline Transportation	2,305	374	6.16
Ambulatory Health Care Services	12,289	3,060	4.02
Printing and Related Support Activities	475	136	3.49
Petroleum and Coal Products Manufacturing	13,882	4,486	3.09
Mining (except oil and gas)	9,227	3,316	2.78
Utilities	3,349	1,328	2.56

Full data table is available in Appendix 3

Taking a broader view of regulation in Colorado, there are nearly 200,000 regulations in the state with more than 1.3 million regulatory actions/restrictions if federal regulations are included. The StratACUMEN team, through a comparative industry-level benchmark analysis, estimates that nearly 45% of these regulations can be classified as being duplicative or redundant. These rules tend to be needlessly complex and time-consuming, leading to frustration for individuals and businesses trying to comply with regulations or to access services.

With approximately 45% of regulations falling into this category, there is excellent potential in Colorado to streamline its regulatory framework. Implementing a program to alleviate the burdens of costly regulations would provide flexibility and relief to the business community, stimulating jobs and encouraging economic growth.

BUSINESS IMPACT

Research indicates that regulations can negatively impact employment and startup activity among small firms[4]. A recent analysis found that a 10% increase in industry-specific regulations was linked to a 0.5% decline in the total number of firms and a 0.6% reduction in employment among small firms within that industry[5]. Additionally, findings suggest that the requirement of an extra step to open a new business is associated with a decline in new firm startups ranging from 3% to 7%[6].

10% Increase in Regulations:

1. **Decline** in the number of firms → **0.5%** decrease in the number of firms
2. **Decline** in small firms' employment → **0.6%** decline in small firm employment
3. **Fewer** startups → An additional step to starting a business leads to a **3-7%** decrease in new startups

For Colorado, this translates into approximately 9,000 fewer firms, and 36,000 fewer jobs[7]

[4] Bailey, J., and D. Thomas. 2017. "Regulating Away Competition: The Effect of Regulation on Entrepreneurship and Employment." Journal of Regulatory Economics 52:237–54.
Chambers, D., P. A. McLaughlin, and O. Sherouse. 2023. "Regulation, Entrepreneurship, and Dynamism." Empirical Economics 64:2449-2466.

[5] Chambers, D., P. A. McLaughlin, and T. Richards. 2022. "Regulation, Entrepreneurship, and Firm Size." Journal of Regulatory Economics 61:108-134.

[6] Chambers, D. and J. Munemo. 2019. "Regulations, Institutional Quality and Entrepreneurship." Journal of Regulatory Economics, 55:46-66.

[7] Impact estimates based on data from the U.S. Small Business Administration - 2023 Colorado Business Profile.

ECONOMIC GROWTH

Regulations can dampen private sector activity, and there is strong evidence suggesting that increased regulation also slows overall economic growth. Transitioning from a lightly regulated to a heavily regulated economy can reduce growth by approximately 1 to 2 percentage points per year[8]. In addition to the inefficiencies and frictions created by regulatory compliance these regulations also impede cutting-edge productivity growth by about 1% annually[9]. This reduction in productivity implies that innovation and real income growth are curtailed across the entire economy, resulting in significant long-term costs as lost productivity compounds over time.

For example, estimates indicate that if federal regulations in the U.S. had been frozen in 1980, the resulting increase in economic growth could have raised per capita income by an impressive $13,000 by 2012[10].

Regulation Slows Economic Growth

Going from *lightly* regulated to *heavily* regulated slows growth by about **1-2%** per year

Regulation Slows Productivity

Growth in cutting edge productivity slows down by **1%** per year

Seemingly small changes in growth rates have ***massive*** effects over time:

If regulation in the US stayed at 1980s levels average income would be ***$13,000*** *higher*

[8] Djankov, S., McLiesh, C., Ramalho, R. M. 2006. "Regulation and Growth." Economics Letters 92: 395-401.

[9] Bourlès, R., Cette, G., Lopez, J., Mairesse, J. and G. Nicoletti. 2013. "Do Product Market Regulations in Upstream Sectors Curb Productivity Growth? Panel Data Evidence for Oecd Countries." Review of Economics & Statistics 95:1750–1768.

[10] Coffey, B., McLaughlin P. A., and P. Peretto. 2020. "The Cumulative Cost of Regulations." Review of Economic Dynamics 38: 1-21.

PRICE INCREASE

Firms often attempt to pass the steep costs of regulatory compliance onto their customers through higher prices. It is estimated that a 10% increase in federal regulations is associated with a 1% increase in consumer prices. Moreover, there is concerning evidence that, between 2000 and 2012, lower income households faced an average annual inflation rate of 2.46%, compared to 2.08% for the highest-income households[11]. This is primarily due to the regressive nature of business regulations. As was mentioned before, regulations impact consumption through loss of sales, loss of jobs, and reduction of incomes.

1

Regulations increase costs for businesses and consumers

A 10% increase in regulations leads to a ***1% increase in consumer prices***

2

Higher inflation for lower-income residents

- **2.08%** higher inflation for the *wealthiest*
- **2.46%** higher inflation for the *low-income*

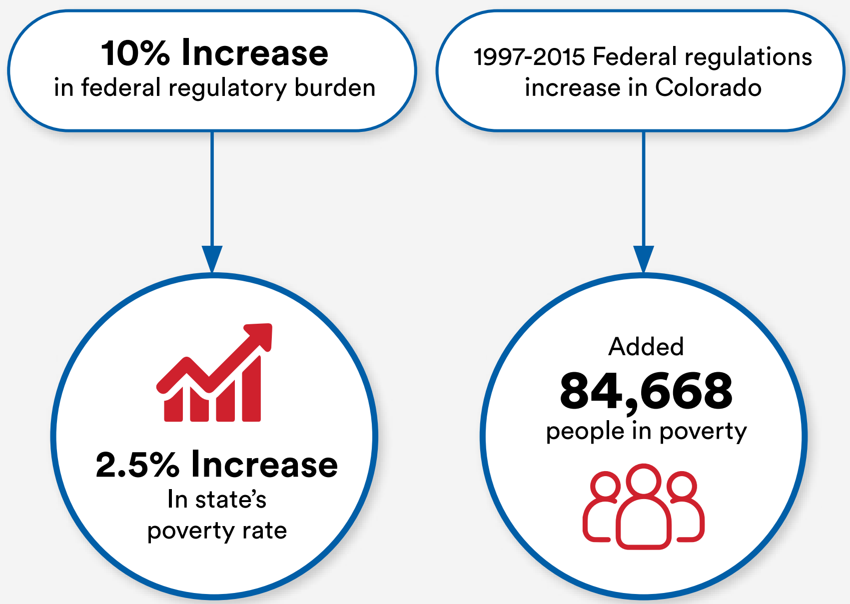
[11] Chambers, D., Collins, C.A., and A. Krause. 2019. "How Do Federal Regulations Affect Consumer Prices? An Analysis of the Regressive Effects of Regulation." Public Choice, 180:57-90.

HUMAN IMPACT

A significant and increasing amount of evidence suggests that regulations disproportionately affect the lower income residents and the most vulnerable members of society[12]. For example, a 10% rise in federal regulations within a state corresponds to a 5.3% to 13.5% decrease in that state's mortality index[13]. Furthermore, estimates indicate that the expansion of federal regulations from 1997 to 2015 has contributed to an increase of about 84,668 people living in poverty in Colorado as of 2022[14].

Given that regulations hinder economic growth, reduce the total number of available jobs, and raise the cost of living, it follows that higher levels of regulation are linked to increased health inequities and greater income inequality. Specifically, a 10% increase in federal regulations is associated with a 0.5% rise in income inequality, suggesting that these regulations disproportionately affect low-income households and negatively impact social mobility[15].

Considering the negative impacts of regulations on private business and economic growth, it is noteworthy that 48% of businesses in Colorado identify regulations as one of the most significant issues they face. According to the 2023 Colorado Chamber of Commerce Poll, one-quarter of respondents cited regulatory mandates and costs as their primary challenge[16]. Pollster Pat McFerron, who conducted the survey, indicated that this concern about the regulatory climate is the greatest he has ever recorded. Regulations are clearly a major concern for Colorado businesses, with a preference for addressing state regulations over federal ones by a margin of nearly 4-to-1 (64% compared to 15%)[17]. Since most estimates regarding the effects of regulations on the economy and low-income households focus on federal rules, this indicates that the detrimental impact on the Colorado economy and vulnerable populations is likely greater than policymakers realize.



[12] Chambers, D., Thomas, D., McLaughlin, P.A., and K. Waldron. 2019. "The Effect of Regulation on Low-Income Households," Mercatus Policy Brief (George Mason University), https://www.mercatus.org/students/research/policy-briefs/effect-regulation-low-income-households
[13] Broughel, J. and D. Chambers. 2022. "Federal Regulation and Mortality in the 50 States." Risk Analysis 42:592-613.
[14] Chambers, D., and P.A. McLaughlin. 2024. "Colorado's Regulatory Landscape" Mercatus Center (George Mason University), https://www.mercatus.org/regsnapshots24/colorado
[15] Chambers, D. and C. O'Reilly. 2022. "Regulation and Income Inequality in the United States." European Journal of Political Economy 72: 102101.
[16] "Colorado Chamber Business Survey: Regulatory Burden is Driving Business Out of State." Colorado Chamber of Commerce Press Lease, September 6, 2023.
[17] "2023 Colorado Business Leaders Survey." Colorado Chamber of Commerce and CHS & Associates, https://cochamber.com/wp-content/uploads/2023-Business-Survey.pdf

REGULATION IMPACT ON JOBS

The impact of business regulations on Colorado's business community is significant, particularly when examining the associated costs and job losses stemming from increased and increasing compliance and regulatory challenges. As the graphic below shows, **a 10% increase in business restrictions in Colorado translates into a jobs impact of 7.9 fewer workers per company located in the state[18].**

Annual Cost of Complying with Business Regulations:	**2.66** jobs
Annual Cost of Lost Sales Due to Business Regulations:	**3.5** jobs
Annual Cost of Unintended Consequences of Business Regulations:	**1.75** jobs
Total Jobs Impact for 10% Increase in Regulations:	**7.9** jobs

[18] Impact estimates based on data from: The U.S. Small Business Administration - 2023 Colorado Business Profile; The U.S. Chamber of Commerce, and The Regulatory Review by the Penn Program on Regulation.

Annual Cost of Complying with Business Restrictions:

For every 10% aggregate increase in business restrictions, businesses in Colorado lose up to 2.66 jobs. This reflects the burden that regulatory requirements impose on these businesses, often diverting resources that could otherwise be used for growth and hiring.

Annual Cost of Lost Sales Due to Business Restrictions:

The financial strain of regulatory compliance also contributes to lost sales. Businesses experience a loss of up to 3.5 jobs annually due to sales lost after a 10% increase in business restrictions. This loss of sales not only affects the businesses themselves but also has broader implications for the overall economy, as reduced sales can lead to lower revenue and fewer opportunities for reinvestment.

Annual Cost of Unintended Consequences of Business Restrictions:

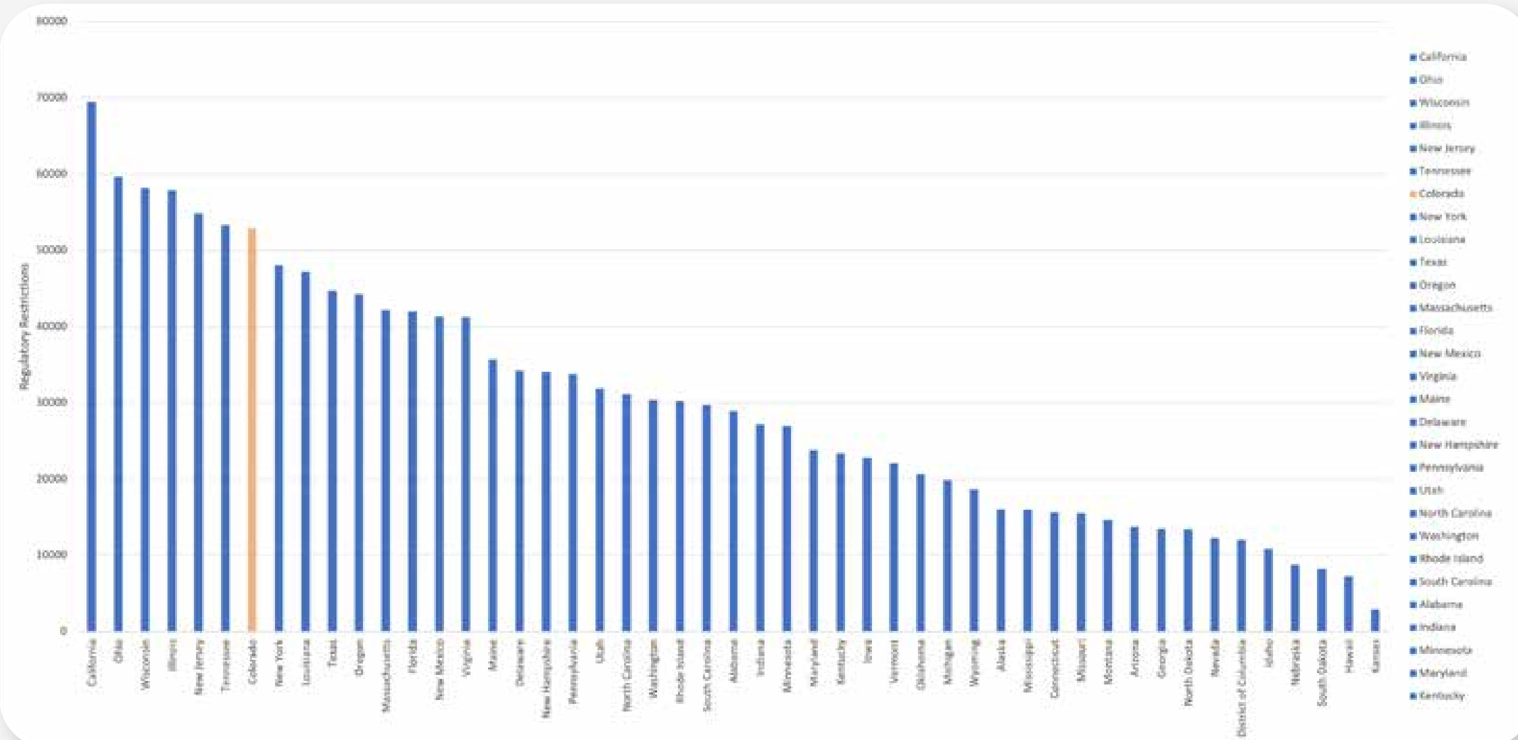
The magnitude and complexity of business restrictions can further impact jobs. StratACUMEN's Scenario Analysis indicates that this impact can be as high as 1.75 jobs for each Colorado firm annually. These consequences often arise from regulations that do not achieve their intended goals, ultimately hindering the growth and sustainability of firms.

In summary, the cumulative effects of business restrictions in Colorado are evident, with significant job losses associated with compliance costs, lost sales, and unintended consequences. Addressing these legal and regulatory challenges is crucial for fostering a more supportive environment for Colorado's business community, which is vital to the state's economy.

TYPE OF REGULATIONS AND THEIR IMPACT ON COLORADO STATE BUSINESS ENVIRONMENT

Environmental Regulations Trends

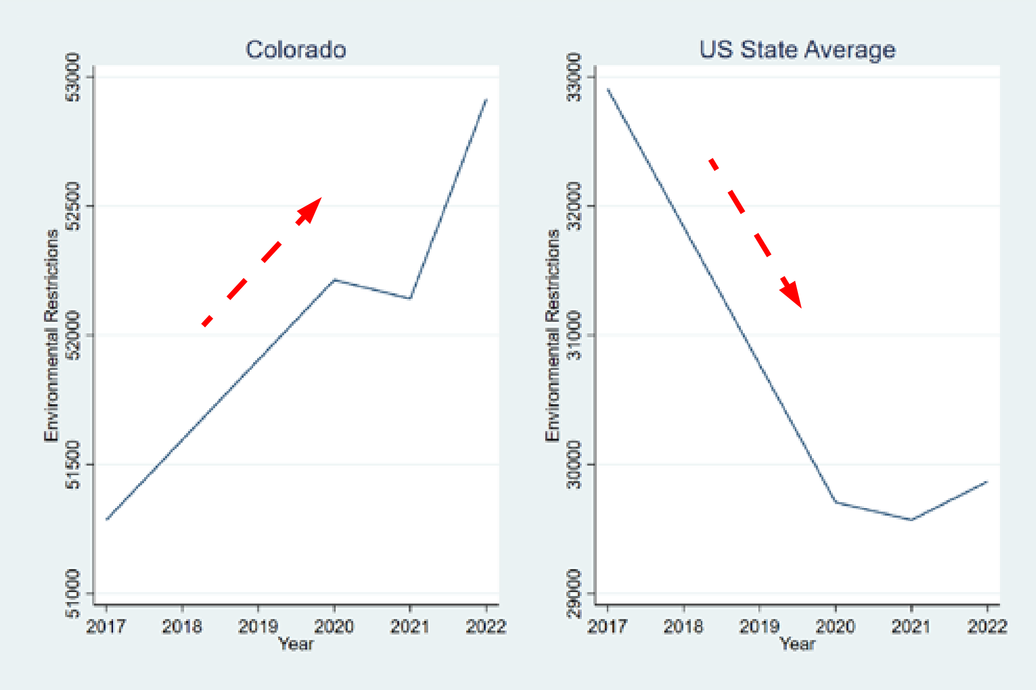
When examining environmental regulation, it becomes evident that Colorado, represented by the orange line, ranks among the most regulated states in the country, even surpassing New York in terms of regulatory burden.



Source: StateRegData 5.0

Environmental regulations have been rising in recent years, increasing the burden on businesses and households in Colorado. These stringent regulations can hinder economic growth by creating operational challenges, potentially leading to job losses and reduced investment. There is a need for balance in this area. Every regulation comes with both costs and benefits, and Colorado's trend has been to add regulations without adequately considering those costs.

Environmental Regulations Trends



Source: State RegData 5.0

Why does the rise in environmental regulation matter?

Environmental regulation significantly impacts energy costs.

Historically, Colorado has enjoyed very low energy costs, primarily sourcing its energy from coal at approximately 12 cents per kilowatt hour. This has been a considerable advantage for the Colorado economy. However, as noted, Colorado is trending toward increasing regulations. While it has not yet reached the level of regulation seen in California, it is moving in that direction. The stringent regulations in California have forced a shift toward natural gas, which is significantly more expensive at 22 cents per kilowatt hour (see Appendix 5). This shift has major implications for every business, as all firms rely on energy.

Macroeconomic Effect

If the trend in regulation continues and Colorado catches up to California, the highest regulatory burden state, higher energy costs are likely to follow. This could result in a 90% increase in electricity prices. By incorporating that price increase into the Suffolk University - Beacon Hill Institute's STAMP (State Tax Analysis Modeling Program), the StratACUMEN team can project the potential impact on the broader economy.

These effects are quite significant. We are looking at a projected 2 percentage point decline in employment, over a 1.5 percentage point decrease in investment, and approximately a two-percent reduction in disposable income. Fewer workers means reduction in consumer spending, reduced investment means reduced economic development (and fewer jobs), and reduced disposable income means involuntary tightening of the consumers' purse strings. Collectively, these effects could result in up to 65,000 Colorado jobs being lost.

The Impact of 90% Electricity Price Increase:

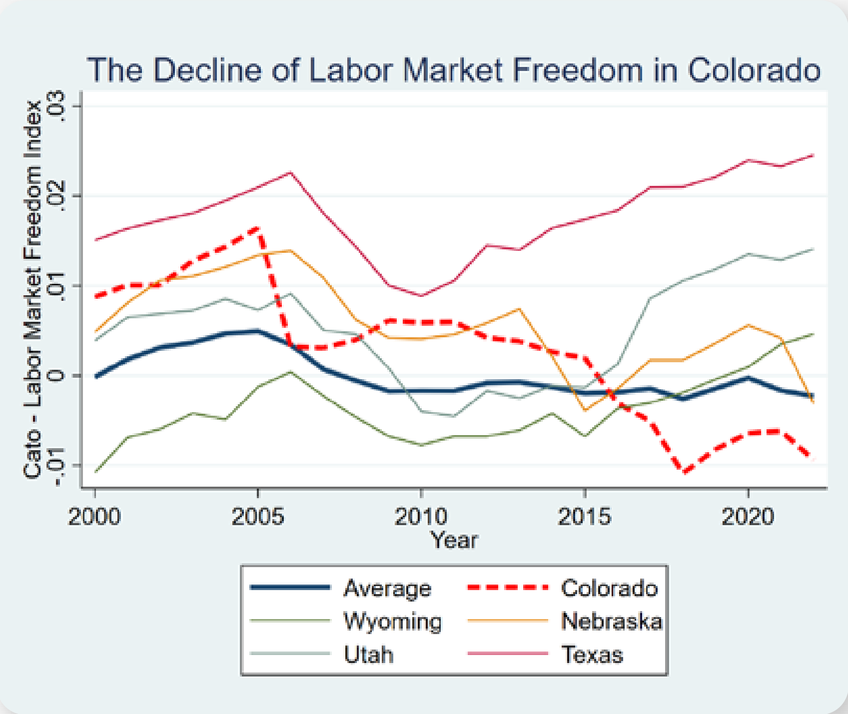
Economic Variable	Elasticity	Change, %
Employment	-0.022	-1.98%
Investment	-0.018	-1.62%
Disposable Income	-0.022	-1.98%

Source: Beacon Hill Institute's STAMP (State Tax Analysis Modeling Program)

Colorado's Labor Regulations

Colorado's labor market regulations impact the ability of employers and employees to negotiate the terms of employment without government interference. This conclusion is based on the idea that voluntary exchange is the core principle of a free market, and that state intervention can create problems in the labor market. The figure on the next page illustrates a measure of regulation-induced labor market stress (also known as Labor Market Freedom), where higher scores indicate a less regulated labor market, and lower scores reflect a more regulated market (less freedom). The solid blue line represents the U.S. average, while Colorado is depicted by the red dashed line.

From 2000 to 2005, Colorado was among the least regulated states in this category, performing better than the U.S. average. However, over time, the red dashed line shows a decline, and by 2020, Colorado had become more regulated than the U.S. average and more regulated than every comparator state shown on this graph. Over the past two decades, Colorado has transitioned from having a relatively free labor market to a heavily regulated one. Labor Market Regulation Comparison table is presented in Appendix 7.



Source: Calculations from Freedom of the 50 States – Cato Institute

Several factors contribute to Colorado's poor performance on the labor market freedom index:

1. **High Minimum Wage:** Colorado has a very high minimum wage relative to the median wage compared to all benchmark states.

2. **Prevailing Wage Law:** The state enforces a prevailing wage law that adds to the regulatory burden.

3. **Workers' Compensation Program:** Colorado's workers' compensation program has no exemptions, unlike many states that offer exemptions for small firms.

4. **Paid Family Leave Program:** The implementation of a new paid family leave program imposes additional regulatory costs on businesses.

These regulations collectively impact the level of labor market freedom in Colorado.

Impact of Paid Leave Program

The paid family leave program is new, extensive, and costly, with estimated claims reaching approximately $785 million per year and administrative costs around $25 million, resulting in total costs projected at about $800 million annually. Refer to Appendix 6 for program cost analysis. This program is funded through a 0.9% increase in the payroll tax, which effectively acts as an income tax increase. Therefore, the funding for the paid leave program is sourced from both employers and employees.

$785	$25	$800	0.9%
Million	**Million**	**Million**	**Percent**
Payout Cost	Administrative costs	Total annual costs	Payroll tax increase

There are numerous labor market regulations in Colorado, and these regulations significantly impact compensation packages. According to the data presented in Appendix 8, employees prioritize two main aspects: higher wages and greater flexibility. However, existing regulations restrict firms from providing increased monetary compensation and limit their ability to offer flexible arrangements. These regulations dictate that employers cannot provide cash compensation but must instead offer in-kind benefits, and they also impose restrictions on flexibility. Essentially, regulations mandate the type of compensation packages employers must offer, overriding both the preferences of the firms and the choices of the employees.

PROPOSED REGULATORY REFORMS

Despite the uncompetitive regulatory environment in Colorado, there are several strategies that policymakers can adopt to reverse the trend and restore the state's previously strong reputation in this area. One proposed policy change, successfully implemented by states like Arizona, Idaho, Ohio, and Virginia, involves establishing a hard limit on the number of state regulations while simultaneously setting a short-term regulation reduction target, typically around 30% over three to five years.

Given that approximately 45% of Colorado's regulatory restrictions are deemed excessive compared to similar states (refer to Appendix 3), achieving this 30% reduction target should be feasible without compromising essential rules or standards that ensure worker safety, consumer protection, and environmental quality.

Another effective strategy employed by other states is the introduction of regulatory sunset provisions, which mandate periodic reevaluations of older regulations to confirm their continued necessity and effectiveness. These reviews should be transparent, with all data and methodologies used in the evaluations disclosed to the public. If an agency fails to conduct a review of a rule, that rule should automatically expire, thereby incentivizing administrative agencies to fulfill their responsibilities while providing an efficient means to eliminate outdated regulations without undergoing the formal rule-making process.

Regulatory Budget

Set a cap on the total number of state regulations, aiming for a limit lower than the current number in effect.

Regulatory Sunset

Require all regulations to automatically expire unless explicitly renewed by the legislature.

OTHER POTENTIAL REGULATORY REFORMS

Reducing unnecessary business regulations that negatively impact small- to medium-sized Businesses (SMBs) can foster growth and innovation. Here are some potential strategies that can help:

1. Regulatory Review and Streamlining

- **Periodic Regulatory Review Processes:** Conduct periodic reviews of existing regulations to identify outdated or redundant rules that no longer serve a purpose or are overly burdensome for SMBs.
- **Sunset Clauses:** Introduce automatic expiration dates (sunset clauses) for regulations, which would require review before they are extended.
- **Harmonization of Regulations:** Align state regulations with federal standards or those of neighboring states to simplify compliance, especially for businesses operating across state lines.

2. Regulatory Impact Assessments (RIA)

- **Cost-Benefit Analysis:** Require a formal assessment of the costs and benefits of any new regulation on SMBs before implementation to ensure that the benefits justify the costs.

3. Simplification and Digitization of Compliance Processes

- **One-Stop Portals:** Establish a centralized, digital platform where businesses can access regulatory requirements, submit necessary documentation, and receive feedback. Simplifying the process reduces the administrative burden.

4. Public-Private Collaboration

- **Advisory Councils:** Form advisory councils composed of small business owners, industry experts, and government representatives to review regulations and propose reforms.
- **Public Consultation:** Engage SMBs in the regulatory development process through public consultations, allowing them to voice concerns and offer solutions.

OTHER POTENTIAL REGULATORY REFORMS

5. Regulatory Sandboxes

- **Test New Approaches:** Implement "regulatory sandboxes," where businesses can test innovative products or services under relaxed regulations, allowing flexibility while ensuring necessary protections remain.

6. Reducing Licensing and Permitting Requirements

- **Occupational Licensing Reform:** Review and reform occupational licensing requirements that may act as unnecessary barriers to entry for SMBs, especially in low-risk industries.
- **Streamlined Permitting Processes:** Simplify the permitting processes by reducing paperwork, consolidating agency responsibilities, and offering fast-track approvals for SMBs.

7. Ongoing Regulatory Support

- **Regulatory Ombudsman:** Establish a state-level ombudsman or liaison to help businesses navigate the regulatory landscape and resolve compliance issues.
- **Compliance Assistance Centers:** Some trade organizations and some regulatory bodies are launching these centers to assist SMBs with their compliance efforts.

8. Promote Deregulation Efforts in Low-Risk Sectors

- **Sector-Specific Deregulation:** Focus deregulation efforts on low-risk industries (e.g., retail, personal services) where certain regulations may be excessive compared to the level of risk posed to public health or safety.

While there are a few other solutions mentioned in the literature, some of these are already being utilized in Colorado or may be irrelevant to the state's needs.

CASE STUDIES

British Columbia

The red tape reduction initiative in British Columbia has proven to be highly effective, achieving a remarkable reduction of nearly 40% in its regulations over a span of just three years. This significant decrease in regulatory burdens not only streamlined processes for businesses but also fostered a more favorable environment for economic activity. As a direct result of these efforts, the initiative contributed to a full percentage point increase in economic growth. This outcome highlights the importance of regulatory reform and its potential to enhance economic performance, demonstrating that reducing unnecessary regulations can lead to greater efficiency and productivity within the economy. The success of this initiative serves as a compelling case for other states and regions to consider similar strategies aimed at cutting red tape and promoting economic vitality.

Idaho

The Red Tape Reduction Act in Idaho, which operates under the principle of “one rule in, two out,” has achieved remarkable results in streamlining regulations. This initiative has led to the removal or simplification of 75% to 95% of existing regulations, effectively transforming Idaho into the least regulated state in the nation. The impact of these regulatory reforms has been significant, as evidenced by Idaho's impressive economic performance. From June 2023 to June 2024, the state experienced the fourth fastest employment growth rate in the country, reflecting the positive effects of a more business-friendly environment.

[17] Lessons from the British Columbia Model of Regulatory Reform explores successful regulatory streamlining in British Columbia.
Available at: https://www.mercatus.org/research/federal-testimonies/lessons-british-columbia-model-regulatory-reform

Furthermore, Idaho ranked as the 14th fastest state for economic growth in 2023 and achieved the fastest growth rate in the United States during the first quarter of 2024. These outcomes underscore the potential benefits of regulatory reform, demonstrating how reducing red tape can stimulate job creation and foster a thriving economy. Top Policy Areas Targeted by Idaho State Regulation are presented in Appendix 9.

Arizona

Another recent success story in regulatory reforms can be found in Arizona, where a series of significant changes have been implemented to enhance economic activity and improve access to essential services. One of the key reforms is the Sunrise Reform Act which has relaxed regulations on medical professionals. Other reforms permitted non-lawyer ownership of legal service providers and introduced universal recognition of occupational licenses. Approximately 16,000 new jobs are expected to be created as a direct result of these changes. Additionally, the influx of new residents into Arizona is expected to rise, further boosting economic output and contributing to the overall growth of the state's economy.

[18] Idaho: The Least-Regulated State and a Model for the Rest of the Country highlights Idaho's leadership in deregulation. Available at: https://www.mercatus.org/economic-insights/expert-commentary/idaho-least-regulated-state-and-model-rest-country

[19] Arizona's Army of Reformers is Defeating Red Tape details Arizona's progress in cutting red tape. Available at: https://www.realclearpolicy.com/articles/2022/01/28/arizonas_army_of_reformers_is_defeating_red_tape_814052.html

CONCLUSION

In conclusion, the Regulation Impact Analysis Report serves as a critical examination of the regulatory environment in Colorado, shedding light on the substantial effects that increasing regulations have on businesses, economic growth, and the welfare of the community. The findings indicate that while regulations are essential for ensuring safety, environmental protection, and consumer rights, their cumulative burden can pose significant challenges, particularly for Small and Medium-Sized Businesses (SMBs) that are vital to the state's economy.

The analysis underscores the necessity for a balanced approach to regulation—one that promotes public welfare while also fostering an environment conducive to business innovation and growth. The data presented in this report illustrate that business restrictions related to excessive regulations and burdensome laws can stifle entrepreneurship, elevate costs for consumers, and exacerbate economic inequality.

Moving forward, it is imperative for policymakers to consider these findings in their decision-making processes. By exploring the recommendations outlined in this report, Colorado has the opportunity to implement meaningful regulatory reforms that streamline compliance, reduce unnecessary burdens, and create a more competitive business landscape. The StratACUMEN team urges stakeholders to engage in open dialogues about the impact of regulations and collaborate on solutions that prioritize both economic vitality and social responsibility.

As discussed in this report, the high number of business restrictions attributable to Colorado's business regulations and laws leads to significant negative impacts:

- Colorado is the sixth most regulated state in the nation in terms of the number of total "bottom-up" business restrictions.
- The pace of industry regulations in Colorado surged to 7.1% (or 2.3% annually) from 2020 to 2023. For context, federal regulations only increased by 1.3% during that same three-year period.
- Colorado's top five most regulated industries have three to nearly eight times higher number of business restrictions than the national median for those industries.

CONCLUSION

Colorado's labor market has become one of the most regulated in the country due to its high minimum wage, paid family leave, and prevailing wage law.

Ultimately, a more thoughtful regulatory framework, with reductions in the growth of the number of laws, regulations, and related business regulations, will not only benefit businesses but will also enhance the overall quality of life for Colorado residents, paving the way for sustainable economic growth and a thriving community.

GLOSSARY

1. Regulatory Impact Analysis
A systematic evaluation of the effects of proposed or existing regulations on various aspects of the economy, including businesses, employment, and economic growth.

2. Economic Growth
An increase in the production of goods and services in an economy over time, often measured by GDP.

3. Regulatory Compliance
The act of conforming to laws, regulations, guidelines, and specifications relevant to business operations.

4. Small and Medium-Sized Businesses (SMBs)
Businesses whose personnel numbers fall below certain limits; typically characterized by lower revenue and fewer employees than larger corporations.

5. Red Tape
Excessive regulation or rigid conformity to rules that is considered redundant and hinders the efficient operation of businesses.

6. Environmental Regulations
Laws and rules that aim to protect the environment by controlling pollution and managing natural resources.

7. Labor Market Freedom
The degree to which labor markets are regulated, affecting employment practices, wages, and worker protections.

8. Minimum Wage
The lowest remuneration that employers can legally pay their workers, set by law.

9. Prevailing Wage Law
Regulations that require contractors to pay workers at least the local average wage for similar work.

10. Paid Family Leave Program
A policy that allows employees to take time off for family-related reasons while still receiving some level of pay.

11. Compliance Costs
The costs associated with meeting the requirements of regulations, including administrative expenses and resources dedicated to adherence.

12. Job Losses
The reduction in the number of jobs available in the market, often attributed to economic conditions or regulatory burdens.

GLOSSARY

13. Economic Output
The total value of all goods and services produced in an economy, used to measure economic performance.

14. Regulatory Restrictions
Specific commands or prohibitions imposed by regulatory statutes that dictate required behavior for compliance.

15. Business Impact
The effect that regulations have on business operations, including costs, growth potential, and competitive advantage.

16. Inflation Rate
The percentage increase in the price level of goods and services over a specific period, affecting purchasing power.

17. Poverty Rate
The percentage of the population living below the poverty line, often influenced by economic conditions and regulatory frameworks.

18. Mortality Index
A measure indicating the number of deaths within a population over a specific period, often associated with health and economic conditions.

19. Excessive Regulations
Regulations that are deemed unnecessary or overly burdensome, hindering business efficiency and growth.

20. Economic Consequences
The effects that regulations have on the economy, including growth rates, job availability, and investment levels.

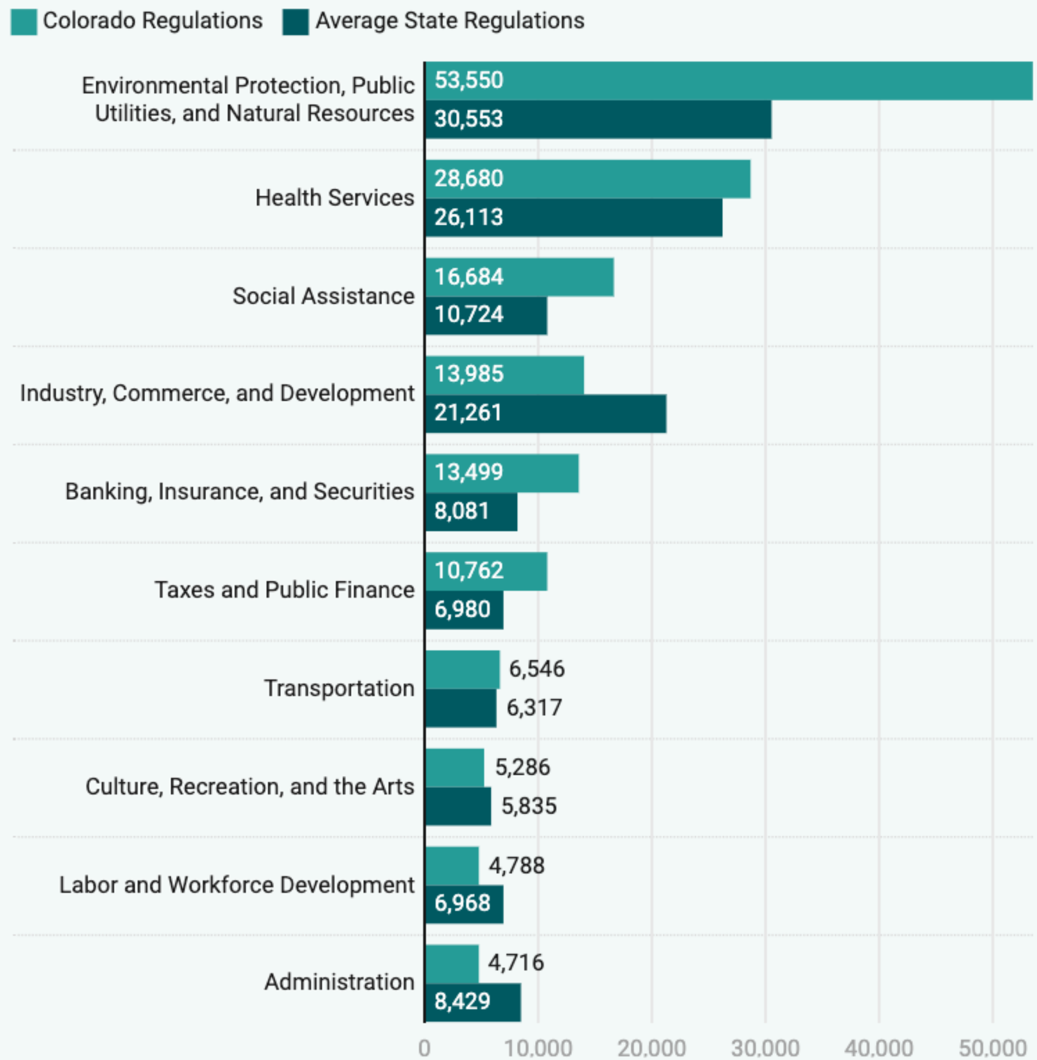
21. Sunset Provisions
Clauses in legislation that set an expiration date for certain regulations unless renewed, aimed at reducing unnecessary regulatory burdens.

22. Occupational Licenses
Legal authorizations that permit individuals to engage in a specific profession, often requiring passing examinations and meeting regulatory standards.

23. Universal Recognition of Occupational Licenses
A policy that allows individuals to use their existing occupational licenses from other states in a new state without re-certification.

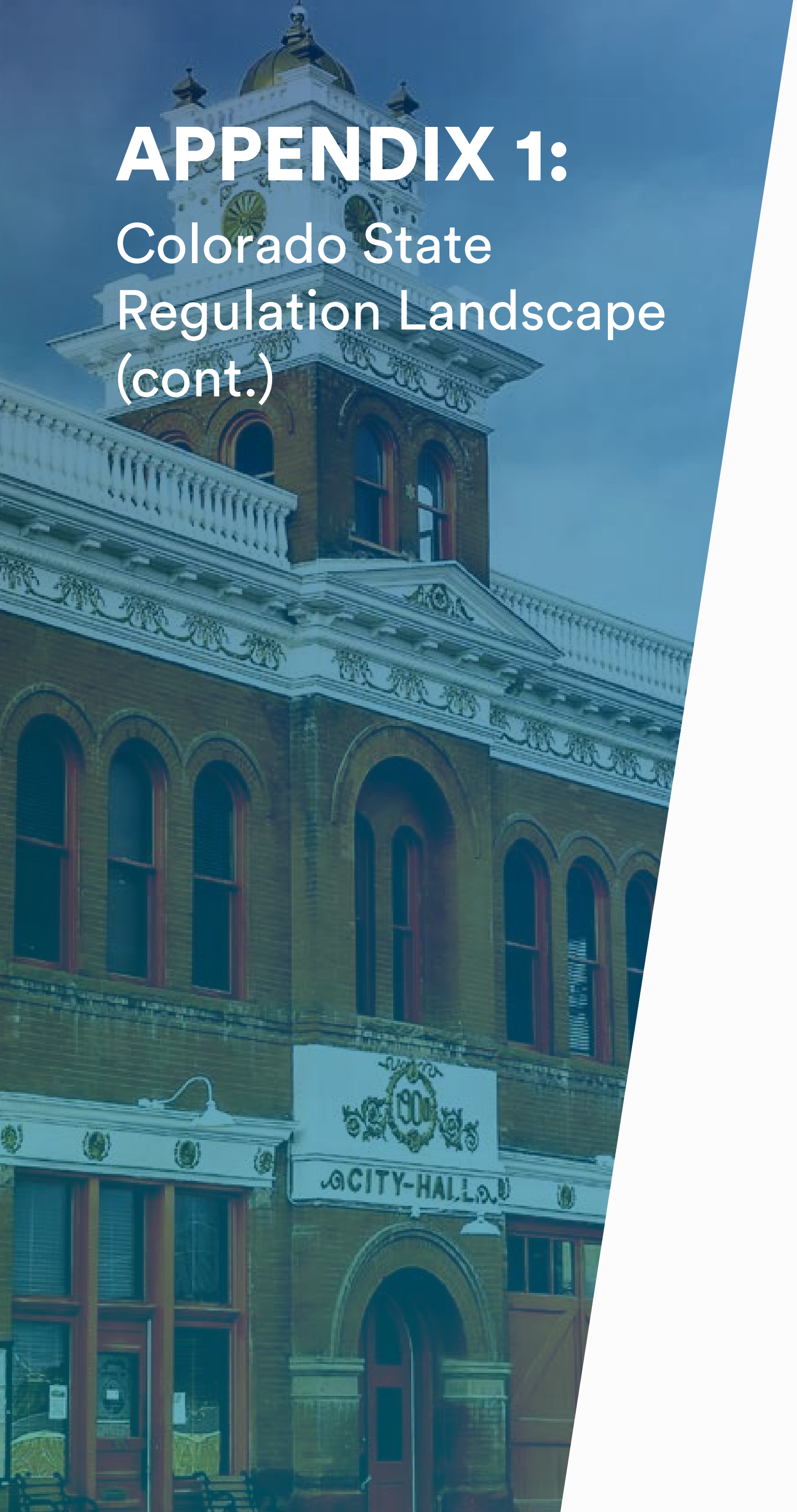
APPENDIX 1:
Colorado State Regulation Landscape

Top 10 Policy Areas Targeted by Colorado State Regulation in 2023



This figure uses data that sorts restrictions based on the policy area they pertain to. This is done so that a reasonable comparison can be made between states, given that each state has a different structure for organizing their regulatory code.

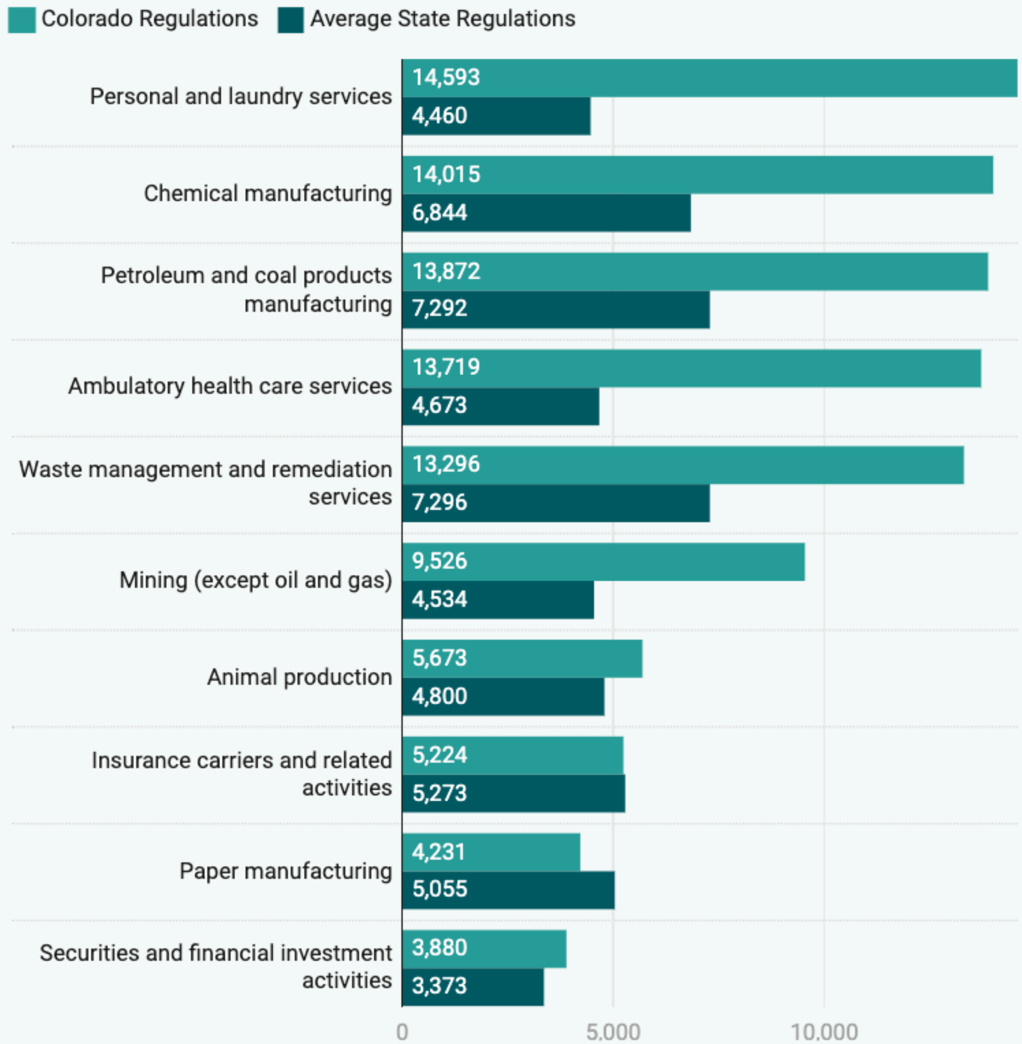
Source: Mercatus Center, "Colorado's Regulatory Landscape"



APPENDIX 1:

Colorado State Regulation Landscape (cont.)

Top 10 Industries Targeted by Colorado State Regulation in 2023



Industry relevance refers to the probability that a portion of regulatory text is relevant to a particular industry. When multiplied by the number of regulatory restrictions in that portion of text, industry-relevant restrictions can be estimated. Industries in State RegData are distinguished from one another using the North American Industry Classification System (NAICS) and are calculated at the three-digit NAICS level.

Source: Mercatus Center, "Colorado's Regulatory Landscape"

APPENDIX 2:

Regulation growth in Colorado, 2020-2023

Industry	Description	2020	2021	2022	2023	Change	% Change	Rank
812	Personal and Laundry Services	6,899	6,549	14,098	14,593	7,694	112%	1
813	Religious, Grantmaking, Civic, Professional, and Similar Organizations	5,653	5,434	11,858	12,174	6,521	115%	2
325	Chemical Manufacturing	8,898	9,278	14,250	14,015	5,117	58%	3
541	Professional, Scientific, and Technical Services	12,174	13,114	16,474	16,647	4,473	37%	4
324	Petroleum and Coal Products Manufacturing	10,773	10,684	13,944	13,872	3,099	29%	5
562	Waste Management and Remediation Services	10,743	10,993	13,263	13,296	2,553	24%	6
327	Nonmetallic Mineral Product Manufacturing	1,469	1,753	3,045	3,150	1,681	114%	7
486	Pipeline Transportation	931	809	2,312	2,173	1,242	133%	8
221	Utilities	2,471	2,587	3,395	3,599	1,128	46%	9
621	Ambulatory Health Care Services	12,737	12,823	12,290	13,719	982	8%	10
624	Social Assistance	1,897	1,797	2,402	2,843	946	50%	11
921	Executive, Legislative, and Other General Government Support	1,625	1,543	2,129	2,312	686	42%	12
522	Credit Intermediation and Related Activities	2,334	2,274	2,948	2,949	616	26%	13
523	Securities, Commodity Contracts, and Other Financial Activities	3,316	3,306	3,812	3,880	564	17%	14
712	Museums, Historical Sites, and Similar Institutions	663	761	879	984	320	48%	15
111	Crop Production	1,585	1,676	2,005	1,886	300	19%	16
323	Printing and Related Support Activities	217	190	475	463	246	113%	17
521	Monetary Authorities	220	218	432	463	243	111%	18
512	Motion Picture and Sound Recording Industries	384	454	623	613	230	60%	19
517	Telecommunications	1,410	1,440	1,531	1,627	216	15%	20

Top 20 (rate % and new rules)

APPENDIX 3:

Industries with the Greatest Regulatory Disadvantage

Colorado Regulations by Industry

		Regulations			
		Colorado	Other US States		CO to Median
NAICS Code	Description	Total	Median	25th Percentile	Ratio
327	Nonmetallic mineral product manufacturing	3,035	396	163	7.67
486	Pipeline transportation	2,305	374	256	6.16
621	Ambulatory health care services	12,289	3,060	2,324	4.02
323	Printing and related support activities	475	136	62	3.49
324	Petroleum and coal products manufacturing	13,882	4,486	1,851	3.09
212	Mining (except oil and gas)	9,227	3,316	1,340	2.78
22	Utilities	3,394	1,328	801	2.56
335	Electrical equipment, appliance, and component manufacturing	398	166	107	2.40
493	Warehousing and storage	392	164	115	2.39
331	Primary metal manufacturing	2,479	1,079	407	2.30
562	Waste management and remediation services	13,201	5,785	3,419	2.28
485	Transit and ground passenger transportation	600	265	182	2.26
211	Oil and gas extraction	1,796	797	582	2.25
81	Other services (except government and government enterprises)	26,509	12,277	9,805	2.16
482	Rail transportation	1,214	632	305	1.92
561	Administrative and support services	15,709	8,186	4,907	1.92
325	Chemical manufacturing	14,182	7,732	4,019	1.83
524	Insurance carriers and related activities	4,832	2,698	1,935	1.79
521-522	Monetary Authorities- central bank, credit intermediation, and related services	3,373	1,890	1,205	1.78
213	Support activities for mining	627	406	146	1.54
487-488,492	Other transportation and support activities	1,607	1,061	784	1.52
	Total	**131,525**	**56,234**	**34,715**	**2.34**

APPENDIX 4:

Excessive Regulations: Red Tape Estimate

Industry	Description	2023 Regulations	CO Rank (1=worst)	Active State Benchmarks Average	Median	25th Percentile	Excessive Regulations Number	%
111	Crop production	1,886	22	2,279	1,829	1,246	56	3%
112	Animal production	5,673	10	4,341	3,457	2,268	2,216	39%
113	Forestry	272	14	273	193	94	79	29%
114	Fishing	63	42	473	153	92	0	0%
115	Support activities for agriculture	139	24	174	133	51	7	5%
211	Oil and gas extraction	1,747	3	1,283	823	580	924	53%
212	Mining (except oil and gas)	9,526	2	3,542	3,363	1,471	6,162	65%
213	Support activities for mining	623	4	427	404	154	220	35%
221	Utilities	3,599	13	2,386	1,276	845	2,323	65%
236	Construction of buildings	473	30	671	584	314	0	0%
237	Heavy construction	111	31	155	146	93	0	0%
238	Specialty trade contractors	210	29	275	177	135	33	15%
311	Food manufacturing	491	34	1,127	848	581	0	0%
312	Beverage and tobacco manufacturing	1,949	7	1,242	1,066	712	883	45%
313	Textile mills	106	20	96	93	80	13	12%
314	Textile product mills	69	27	86	66	62	3	4%
321	Wood product manufacturing	453	29	669	502	253	0	0%
322	Paper manufacturing	4,231	19	4,956	4,736	3,110	0	0%
323	Printing and related support activities	463	7	258	135	64	328	71%
324	Petroleum and coal products manufacturing	13,872	4	5,874	4,834	1,895	9,038	65%
325	Chemical manufacturing	14,015	5	7,922	8,057	3,262	5,958	43%
326	Plastics and rubber products manufacturing	372	13	337	279	145	94	25%
327	Nonmetallic mineral product manufacturing	3,150	4	931	410	164	2,740	87%
331	Primary metal manufacturing	2,377	12	2,000	1,081	415	1,297	55%
332	Fabricated metal product manufacturing	625	16	595	438	212	186	30%
333	Machinery manufacturing	96	25	117	86	53	10	10%
334	Computer and electronic product manufacturing	193	22	338	162	98	31	16%
335	Electrical equipment manufacturing	383	17	312	155	100	228	60%
336	Transportation equipment manufacturing	1,394	21	1,396	1,487	948	0	0%
337	Furniture and related product manufacturing	172	14	160	142	95	30	17%
339	Miscellaneous manufacturing	436	18	800	436	322	0	0%
423	Wholesalers, durable goods	325	17	449	327	196	0	0%
424	Wholesalers, nondurable goods	342	19	403	266	210	76	22%
425	Wholesale electronic markets, agents and brokers	166	27	320	203	81	0	0%
441	Motor vehicle and parts dealers	1,441	10	772	622	358	819	57%
443	Electronics and appliance stores	48	25	60	47	33	1	2%
444	Building material dealers	104	18	83	80	56	25	24%
445	Food and beverage stores	1,581	34	2,546	1,952	1,160	0	0%
446	Health and personal care stores	1,200	1	220	176	116	1,024	85%
447	Gasoline stations	134	29	387	119	70	15	11%
448	Clothing stores	171	23	174	146	112	25	15%
451	Sporting goods, hobby, and book stores	367	11	257	224	173	142	39%
452	General merchandise stores	508	23	609	475	277	33	7%

APPENDIX 4:

Excessive Regulations: Red Tape Estimate (cont.)

Industry	Description	2023 Regulations	CO Rank (1=worst)	Active State Benchmarks: Average	Active State Benchmarks: Median	Active State Benchmarks: 25th Percentile	Excessive Regulations: Number	Excessive Regulations: %
453	Miscellaneous store retailers	108	18	95	89	60	19	17%
454	Nonstore retailers	305	10	197	116	66	189	62%
481	Air transportation	974	28	1,395	1,318	920	0	0%
482	Rail transportation	1,287	5	565	625	272	662	51%
483	Water transportation	285	22	501	367	196	0	0%
484	Truck transportation	152	27	264	207	72	0	0%
485	Transit and ground passenger transportation	583	4	375	282	185	301	52%
486	Pipeline transportation	2,173	3	980	374	254	1,799	83%
487	Sightseeing transportation	341	5	333	117	55	224	66%
488	Support activities for transportation	1,263	17	1,480	928	747	335	27%
493	Warehousing and storage	393	7	195	168	130	225	57%
511	Publishing industries (except Internet)	123	25	203	197	141	0	0%
512	Motion picture and sound recording industries	613	28	1,445	897	626	0	0%
515	Broadcasting (except Internet)	2,092	27	3,168	2,760	1,681	0	0%
517	Telecommunications	1,627	7	1,047	671	357	955	59%
518	Data processing, hosting, and related services	58	24	124	122	107	0	0%
519	Other information services	149	29	634	669	590	0	0%
521	Monetary authorities - Central Bank	463	5	309	148	102	315	68%
522	Credit intermediation and related activities	2,949	9	2,356	1,742	1,131	1,208	41%
523	Securities and financial investment activities	3,880	6	2,672	2,709	1,342	1,171	30%
524	Insurance carriers and related activities	5,224	7	4,167	2,700	1,985	2,524	48%
525	Funds, trusts, and other financial vehicles	520	32	1,731	1,079	323	0	0%
531	Real estate	115	28	147	96	64	19	17%
532	Rental and leasing services	81	24	103	71	51	10	13%
541	Professional, scientific, and technical services	16,647	7	17,249	16,444	13,144	203	1%
551	Management of companies and enterprises	43	25	53	44	33	0	0%
561	Administrative and support services	15,607	10	10,763	7,862	4,965	7,745	50%
562	Waste management and remediation services	13,296	5	6,955	5,819	3,559	7,477	56%
611	Educational services	2,152	26	2,962	1,906	1,735	246	11%
621	Ambulatory health care services	13,719	2	4,048	3,197	2,359	10,522	77%
622	Hospitals	221	30	490	396	144	0	0%
623	Nursing and residential care facilities	785	17	874	598	367	187	24%
624	Social assistance	2,843	25	3,541	3,390	2,349	0	0%
711	Performing arts and spectator sports	216	6	159	92	81	124	58%
712	Museums and similar institutions	984	22	1,393	911	640	73	7%
713	Amusement, gambling, and recreation industries	86	18	79	74	51	12	14%
721	Accommodation	125	19	85	94	48	32	25%
722	Food services and drinking places	141	29	336	148	119	0	0%
811	Repair and maintenance	127	34	404	257	138	0	0%
812	Personal and laundry services	14,593	1	3,246	1,783	1,486	12,810	88%
813	Religious and nonprofit organizations	12,174	19	10,562	10,092	7,972	2,082	17%
814	Private households	479	4	254	223	172	257	54%
	Colorado Totals >>>	195,557					86,743	44%

APPENDIX 5:

Colorado vs California Energy Prices

Table 1. 2022 Summary statistics (Colorado)

Item	Value	Rank
Primary energy source		**Coal**
Net summer capacity (megawatts)	**18,092**	**24**
Electric utilities	10,783	27
IPP & CHP	7,309	19
Net generation (megawatthours)	**58,044,009**	**30**
Electric utilities	40,493,662	23
IPP & CHP	17,550,347	25
Emissions		
Sulfur dioxide (short tons)	10,430	29
Nitrogen oxide (short tons)	19,437	29
Carbon dioxide (thousand metric tons)	29,739	21
Sulfur dioxide (lbs/MWh)	0.4	30
Nitrogen oxide (lbs/MWh)	0.7	23
Carbon dioxide (lbs/MWh)	1,127	13
Total retail sales (megawatthours)	**56,763,041**	**26**
Full service provider sales	56,763,041	23
Energy-only provider sales	0	0
Direct use (megawatthours)	**223,081**	**41**
Average retail price (cents/kWh)	**11.75**	**22**

Sources: U.S. Energy Information Administration, Form EIA-860, *Annual Electric Generator Report*, U.S. Energy Information Administration, Form EIA-861, *Annual Electric Power Industry Report*, U.S. Energy Information Administration, Form EIA-923, *Power Plant Operations Report* and predecessor forms.

Table 1. 2022 Summary statistics (California)

Item	Value	Rank
Primary energy source		**Natural gas**
Net summer capacity (megawatts)	**85,981**	**2**
Electric utilities	28,820	2
IPP & CHP	57,162	2
Net generation (megawatthours)	**203,383,857**	**4**
Electric utilities	65,372,954	15
IPP & CHP	138,010,904	4
Emissions		
Sulfur dioxide (short tons)	1,246	43
Nitrogen oxide (short tons)	69,963	2
Carbon dioxide (thousand metric tons)	44,448	13
Sulfur dioxide (lbs/MWh)	0.0	50
Nitrogen oxide (lbs/MWh)	0.7	21
Carbon dioxide (lbs/MWh)	481	45
Total retail sales (megawatthours)	**251,869,136**	**2**
Full service provider sales	166,609,910	3
Energy-only provider sales	85,259,226	3
Direct use (megawatthours)	**13,052,857**	**3**
Average retail price (cents/kWh)	**22.33**	**2**

Sources: U.S. Energy Information Administration, Form EIA-860, *Annual Electric Generator Report*, U.S. Energy Information Administration, Form EIA-861, *Annual Electric Power Industry Report*, U.S. Energy Information Administration, Form EIA-923, *Power Plant Operations Report* and predecessor forms.

APPENDIX 6:
Family Leave Program Costs

States	Average weekly benefit	Average duration in weeks	Utilization rate
California	$599	10.8 (16.2, 5.4)	0.047
New Jersey	$538	7.55 (10, 5.1)	0.025
Rhode Island	$542	8.35 (13.1, 3.6)	0.11
Colorado (estimate)	$671	9	0.05 *(130,000 claims)*

Source: "Projected Economic Impacts of Paid Family Leave in Colorado." University of Colorado Denver. Greenfield, et al 2019

- Payout cost: $671 × 9 weeks x 130,000 claims = $785 million.
- Plus administrative costs of $25 million.
- Total dollar costs of over $800 million annually.
- Funded by an increase in the payroll tax of 0.9%

APPENDIX 7:

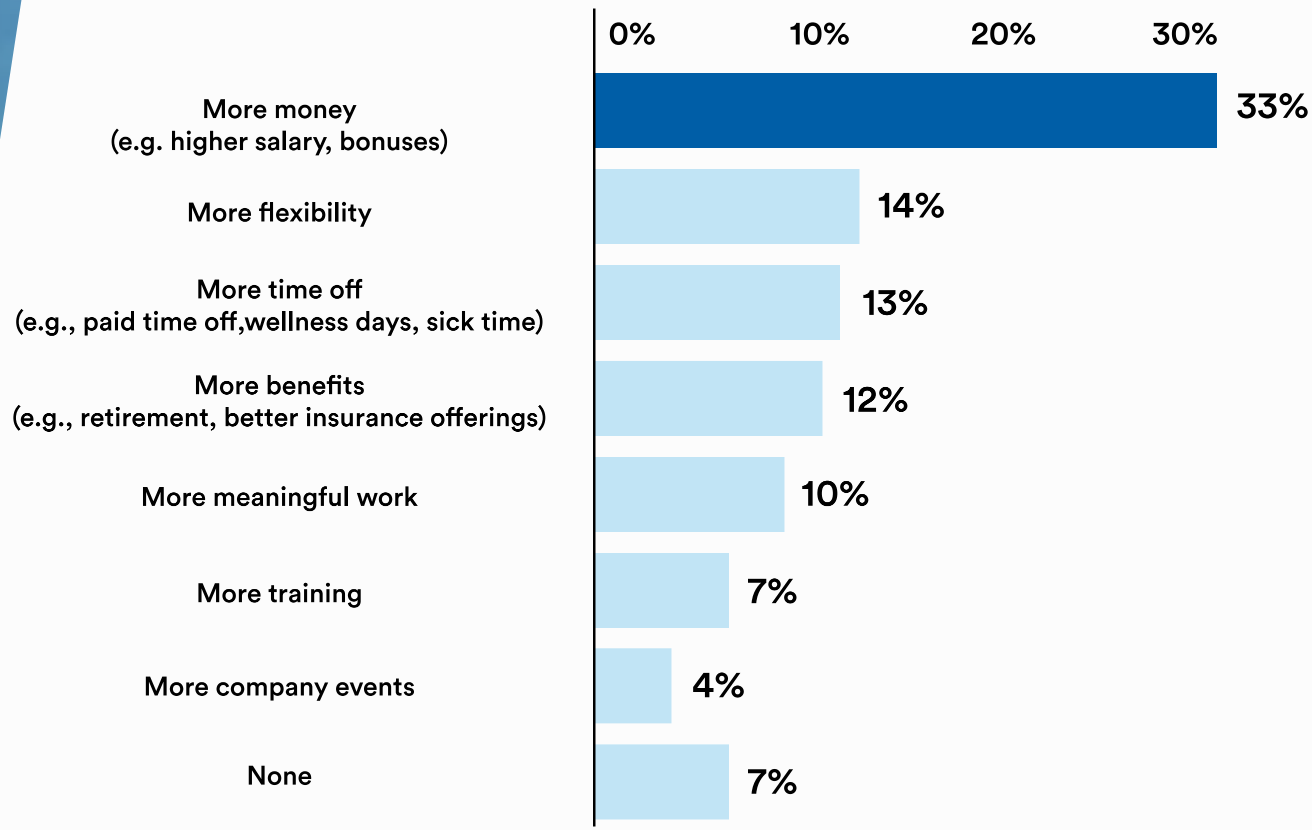
Labor Market Regulation Comparison

States	Minimum to Median Wage Ratio	Prevailing Wage Law	Workers Compensation Exemptions	Paid Family Leave
Nebraska	0.514	✓	No Exemption	✗
North Carolina	0.345	✗	>3 employees	✗
Utah	0.331	✗	No Exemption	✗
Virginia	0.453	✓	>3 employees	✓
Wyoming	0.309	✗	>5 employees	✗
Colorado	**0.508**	✓	**No Exemption**	✓

Figure 14. Labor Market Regulation Comparison.

APPENDIX 8:

APA's 2021 Work and Well-Being Survey Results

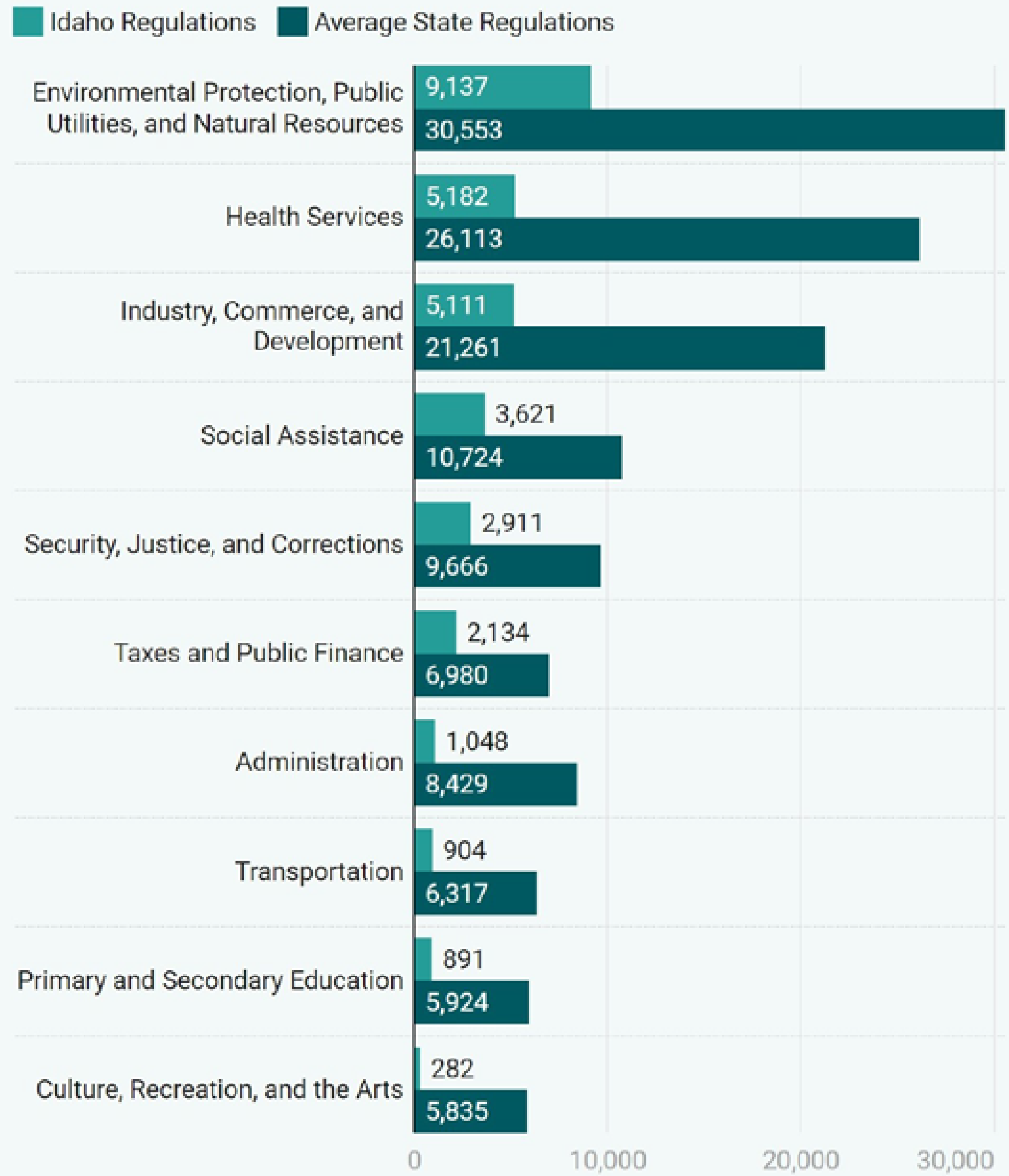


Source: "The American Workforce Faces Compounding Pressure: APA's 2021 Work and Well-Being Survey Results," American Psychological Association, 2021.

APPENDIX 9:

Top Policy Areas Targeted by Idaho State Regulation

Top 10 Policy Areas Targeted by Idaho State Regulation in 2023



Source: Mercatus Center, "Colorado's Regulatory Landscape"

Colorado Chamber of Commerce
1700 Broadway, Suite #525
Denver, CO 80290
Phone: 303-831-7411
cochamber.com

StratACUMEN
Phone: 410-603-6622
hello@StratACUMEN.com
StratACUMEN.com