GABE EVANS
EIGHTH DISTRICT, COLORADO

1229 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-5625

Congress of the United States
Washington, DC 20515

June 30, 2026

The Honorable Jared Polis
Governor
State of Colorado
200 E. Colfax Avenue
Denver, CO 80203

Dear Governor Polis,

I write to express serious rising concerns with the overburdensome regulations and mandates you and ruling Democrats in the Colorado State Legislature have imposed on small businesses across the state. In regular meetings with small business owners and local chambers of commerce in my district, I repeatedly hear of the ever-growing hardships they face daily due to legislation you signed into law — laws that have made it harder for them to hire, expand, and keep their doors open.

Small businesses give hardworking Colorado families the opportunity to serve their communities and pursue the American Dream. In fact, it is one of the most powerful tools for lifting families out of poverty. From family farms in Greeley to startups in Commerce City and supermarkets in Thornton, small businesses are the backbone of Colorado's economy. As of 2025, small businesses make up 99.5 percent of all firms in the state of Colorado and employ 48.6 percent of all employees in Colorado.[1] As the only Hispanic member of the Colorado Congressional delegation, I am also incredibly proud that more than 90,000 small businesses in our state are Hispanic-owned, and Latinos make up 20% of the state's workforce and 14% of its business owners. Small businesses and the local organizations that support them are the beating heart of Colorado's Latino community. These businesses give individuals the chance to thrive and open doors for further opportunities to ensure a better life for their families.

Under the direction of your administration and Denver's Democrats, Colorado has become the sixth most heavily regulated state in the country, and small business owners and their employees

[1] https://advocacy.sba.gov/wp-content/uploads/2025/06/State_Profiles_2025_Technical-Notes.pdf

in my district are feeling it every day.[2] The data from the last several years speaks for itself — Colorado has become an extremely difficult and expensive place for small businesses to operate. According to a recent survey, 65 percent of businesses with fewer than 100 employees list regulations as one of their top three challenges. Of those, 58 percent say state-level regulations are the primary source of that burden.[3] As a result, it has led to Colorado being ranked as 38th nationally in cost of doing business due to the taxes, wage mandates and other regulatory expenses required.[4] While investors increasingly believe the national economy is headed in the right direction and recession fears have fallen to historic lows[5], Colorado's economic outlook remains significantly weaker, with state economists recently projecting a budget shortfall approaching $1.5 billion and forecasts placing the state's likelihood of entering a recession at roughly 40 percent.[6]

Small business owners are also struggling to keep up with rapidly rising labor costs including minimum wage increases that many local employers simply cannot absorb without reducing hiring, cutting employee hours, or raising prices on consumers. At the same time, many businesses are now spending thousands of dollars each year just to remain compliant with expanding reporting requirements, environmental mandates, and labor regulations. For many small employers operating on thin margins, these costs are making it increasingly difficult to stay open and continue serving their communities.

During your tenure as Governor, you have signed multiple bills that have negatively impacted small business owners across Colorado.

These bills include but are not limited to:

- HB25-1296, which imposes state taxes on overtime, even after the Working Families Tax Cuts Act made overtime income tax-free at the federal level last year. By requiring state income taxes on overtime wages, you chose to take money directly out of the pockets of hardworking Coloradans that Americans in states across the country, working the same job, get to keep.
- SB20-200, which created Colorado's state-run retirement program and shifted the administrative burden onto employers, forcing businesses to register with the state,

[2] https://cochamber.com/2024/12/10/new-study-reveals-colorado-as-sixth-most-regulated-state-colorado-chamber-calls-for-reform/
[3] https://cochamber.com/2025/05/04/the-impact-of-regulations-on-colorado-small-businesses/
[4] https://www.axios.com/local/denver/2025/07/14/where-colorado-ranks-for-business-2025-cnbc
[5] https://www.forbes.com/sites/tylerroush/2026/05/01/recession-betting-odds-hit-all-time-low-heres-why-the-economy-suddenly-looks-rosy/
[6] https://www.denvergazette.com/2026/03/19/colorado-revenue-forecast-worsens-pushing-budget-shortfall-to-nearly-1-5b/

administer employee payroll deductions, and comply with ongoing reporting requirements and penalties for noncompliance.

- SB25-285, which increased retail food establishment inspection and licensing fees by roughly 75% by 2028 for restaurants, grocery stores, food trucks, and other food businesses. This will gradually raise operating costs for small food service businesses over several years.
- SB21-260**,** which imposed new and escalating fees on diesel fuel, deliveries, and transportation services, forcing Colorado small businesses and working families to pay more for shipping, fuel, and everyday goods. These costs hit rural Colorado especially hard, where farmers, ranchers, and contractors cannot simply replace heavy-duty equipment with expensive electric alternatives.
- HB21-1311, which increased taxes on small business owners by restricting key deductions, including 529 contributions, restaurant meal deductions, the federal Section 199A deduction, and capital gains treatment.
- HB21-1266, which devastated critical local energy industries that contributed almost $50 million to the state's economy, including through contracts with small businesses. By regulating jobs out of existence, the bill jeopardized more than $1 billion in revenue that funded critical state programs, including childcare and healthcare. This bill also eliminated job opportunities in rural communities in Northern Colorado and increased electricity bills for households and businesses.
- SB21-175, which created a government drug pricing board that business leaders warned would distort the healthcare market and threaten access to medications for employers and small businesses.
- HB25-1001, which expanded Colorado’s wage-and-hour enforcement laws by increasing potential wage claims, authorizing fines of up to $50,000 for certain violations, and exposing employers to greater legal risks, compliance costs, and government enforcement actions.
- HB21-1162, which imposed a statewide 10-cent carryout bag fee and required retailers to collect, track, report, and remit bag fee revenues, increasing costs for businesses and consumers.
- HB24-1411, which increased fees on small businesses trying to claim property tax exemptions that they are entitled to.
- SB24-123, which increased costs and regulatory burdens on tire retailers by raising Colorado’s waste tire fee from $1.55 to up to $2.50 per tire (with future inflation adjustments) and expanding reporting and compliance requirements for businesses selling tires in Colorado.

While Republicans in Congress are trying to make it easier for small businesses to thrive, many Colorado small business owners believe your state policies are moving Colorado in the wrong direction by increasing costs, mandates, and regulatory uncertainty. These burdens come on top of the financial fallout from Colorado's unemployment insurance system during the COVID-19 pandemic, when the state's unemployment trust fund became insolvent, triggering higher unemployment insurance rates and increased payroll costs that employers were forced to absorb. The Working Families Tax Cuts Act benefits small businesses primarily by making the 20% small business deduction permanent, implementing no tax on tips and no tax on overtime for workers, and expanding immediate expensing for Research and Development deductions. It further increases investment incentives, reduces reporting burdens, and improves long-term tax certainty, while permanently enhancing the Opportunity Zone program to expand investment in rural areas. While I am working hard in Washington to pass legislation to help small business owners in my district, you are partnering with ruling Democrats in the State Legislature to overwhelm those same businesses with higher fees, rising labor costs, increased compliance mandates, and endless red tape that make it harder to hire workers, expand operations, and keep their doors open.

These laws have harmed small business owners and prevented regional economic growth. Many employers are now being forced to operate with smaller staff and tighter margins because they simply cannot keep up with the rising costs imposed by your state government. You have expressed in the past your dedication to improving Colorado's economy by keeping the state affordable and making it the best place to start a business.[7] However, the legislation you have signed into law during your tenure has proven the exact opposite. Colorado entrepreneurs deserve a state government that works with them rather than against them. I urge you to reconsider your policies that increase costs, suppress job growth, and constrain daily operations with regulatory burdens and instead pursue a more affordable and competitive environment for Colorado small businesses.

Sincerely,

Gabe Evans
Member of Congress

[7] https://www.colorado.gov/governor/economy