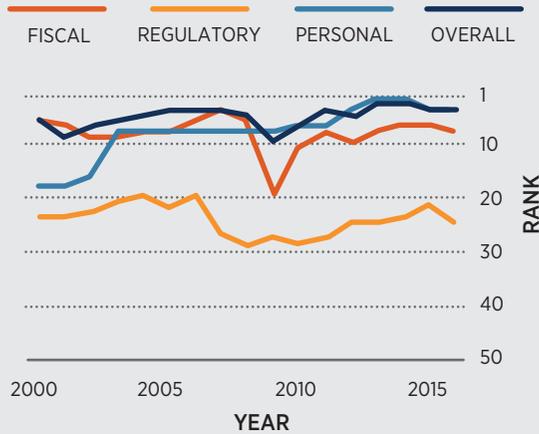


# COLORADO

2016 RANK  
**4th**



## POLICY RECOMMENDATIONS

- **Fiscal:** Trim spending on local parks, a category that excludes conservation lands. The state spends 50 percent more than the national average (as a share of the economy) on local parks. Also trim spending on utilities, interest on the debt, health and hospitals, and airports, which are a little above the national average. Reduce taxes in these areas.
- **Regulatory:** Reduce government barriers to opportunity by joining all of the state's neighbors except for New Mexico and becoming a right-to-work state. Also abolish remaining entry restrictions, such as those on moving companies.
- **Personal:** Require all equitable sharing revenues from the Department of Justice to follow state-level procedures for civil asset forfeiture.



Population, 2017  
**5,607,154**

Net Migration Rate  
**11.1%**



State Taxes, Percent of Personal Income, FY 2017  
**4.17%**

Local Taxes, Percent of Personal Income, FY 2015  
**4.47%**

Partisan Lean, 2016  
**D +0.5**



Real Per Capita Personal Income, 2016, in 2009 \$  
**\$45,806**

Real Personal Income Growth, CAGR, 2000-15  
**2.1%**

## ANALYSIS

Colorado has long been one of America's freer states, and it is a top-five state in this edition. It does best on personal and fiscal freedom. However, it underperforms on regulatory freedom and has dipped over the course of our study on this dimension (although less dramatically when excluding federalized policies).

Colorado's overall state and local tax burden is an estimated 8.6 percent of adjusted personal income, lower than the national average. State-level taxes have crept upward a bit since their 21st-century low in FY 2009, but the past two years have seen slight decreases. Local tax revenues, meanwhile, have fallen from their peaks in 2009. Although fiscal decentralization is high when measured as the ratio of local to state taxes, there isn't much choice of local government, given the importance of counties and the paucity of incorporated cities. Debt has fallen to about average after peaking in FY 2010. State and local employment is lower than average and has dipped to 12 percent of private employment from a high of 12.8 percent less than a decade ago. But it is still higher than it was in 2000.

Colorado is our number-one state on freedom from cronyism, although it is below average on regulatory policy as a whole. It earns its top ranking in our cronyism index because of its relatively open occupational licensing system, including broad scope of practice for health care professionals and lack of a certificate-of-need law for hospitals. However, Colorado does require household goods movers to get certificates of public convenience and necessity, prohibits price increases for pharmaceuticals during emergencies, and

proscribes all "unfair" pricing in gasoline specifically and in other industries. Its legal regime for torts is much better than average. In 2013-14 the state deregulated telecommunications somewhat, though it still lacks statewide video franchising. It is a little below average on labor-market freedom, with no right-to-work law and a high minimum wage (because of a 2016 voter-approved amendment, the state will see regular increases through 2020 until it reaches \$12 per hour and then will be adjusted on the basis of the cost of living). Colorado's land-use freedom has declined significantly, and its renewable portfolio standard for electricity is much stricter than the national average and probably results in higher rates.

Colorado started out personally freer than the average state in 2000 and is now among the personally freest states. It has led the way with recreational cannabis legalization, which occurred in stages from 2012 to 2014. Legal gambling and gun rights are above average, although the qualifications for carry licensure are fairly strict. Its beer, wine, and spirits taxes are much better than average. Travel freedom is relatively high, with no motorcycle helmet law. State asset forfeiture law is good, though local agencies frequently circumvent it with equitable sharing. Crime-adjusted incarceration rates are above the national average, but drug arrests are relatively low. The state legalized civil unions in 2013 and then was judicially granted same-sex marriage in 2014. Voters approved physician-assisted suicide in 2016. Educational freedom is somewhat below average, as there are no private school choice programs. But the state has long enjoyed public school choice.