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The true toll of Colorado's fees

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Note

In light of the major election issue of Colorado's affordability, the Common Sense Institute released its most recent analysis of TABOR-exempt fee growth this month. For those unfamiliar, the Taxpayer's Bill of Rights, or TABOR, requires voters to approve new taxes at the ballot box. The legislature cannot raise taxes without a vote of the people.

Note

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TABOR did not, however, prevent the legislature from implementing "enterprise fees." These fees must be used for specific enterprises, meaning the legislature cannot simply levy one and funnel the proceeds into the General Fund for unspecified purposes. Existing enterprises run the gamut of state operations, including healthcare, energy, transportation and higher education.

Over time, these enterprises have stacked up. In fiscal year 2025, Colorado's state enterprises collected a total of $28.2 billion in TABOR-exempt revenue. This is more than half the size of the entire 2025 state budget.

Note

The bottom line, Coloradans are paying a lot and the total is growing rapidly. In fact, state enterprise revenue has increased by nearly 3,700% since TABOR was first passed. Population growth and inflation combined totaled 185% over the same period.

The growth is not merely the product of a long time horizon, either. Total fee revenue increased from $25.8 billion in fiscal year 2024 to $28.2 billion in 2025, or 9.6% increase in one year.

Measured per resident, enterprise revenue has more than tripled since 2008. It is now $4,692 per Coloradan in 2025.

That does not mean every resident personally received a $4,692 bill. The total includes university tuition and fees, as well as payments made by businesses and users of particular services. But households ultimately experience these costs through direct charges, tuition, insurance premiums, utility bills and prices passed along by employers and producers.

Even accounting only for non-higher-education enterprises, Coloradans are paying considerably more. In 2000, non-higher-education enterprises collected $101 per resident. By 2025, that figure had reached $1,707. Since 2008, total fee revenue per Coloradan has increased by $3.21 for every $1 increase in General Fund revenue per resident.

Affordability has been taking a beating elsewhere in the meantime.

Colorado residents consistently identify the cost of living as one of their top concerns. Businesses likewise report that the cost of doing business is among their greatest challenges, alongside the housing affordability crunch that makes good employees hard to attract and retain.

The effects are showing up in the state's economic and demographic performance.

Colorado lost a net 3,934 business establishments in 2024, according to another recent CSI analysis of federal data. Adjusted for population, its rate of net establishment ranked 48th among the states. Those net closures were associated with the loss of 13,287 jobs. At 2.25 jobs lost per 1,000 residents, Colorado suffered the country's largest population-adjusted employment loss attributable to establishment births and deaths.

At the same time, Colorado is no longer attracting residents as it once did. From July 2024 through June 2025, the state lost 12,100 residents through domestic migration. Colorado ranked 44th for raw domestic migration and 48th when adjusted for population.

That is a remarkable reversal. In 2015, Colorado ranked third nationally in both categories. The state gained 20 times as many people from net migration in 2015 as it did in 2025.

Fees alone did not cause Colorado's businesses or residents to leave. Housing, energy, labor and regulatory costs all play a role. Fees are, however, part of that larger cost structure.

Excessive fees are compromising Colorado's competitiveness at a time when it is already slipping. CSI's Free Enterprise Competitiveness Index ranked Colorado 17th in 2024, down from 10th in 2011. The state still possesses major economic strengths, including a highly educated workforce and historically strong rate of entrepreneurship, but momentum matters. Colorado cannot assume that people and employers will continue choosing it regardless of cost. The sunshine and enviable outdoors lifestyle do not sell Colorado effortlessly anymore.

Fees are also taking away one of the nominally most competitive things the state has going for it: its low, flat income tax.

Colorado's current individual income-tax rate is 4.4%. That sounds highly competitive on its face. Yet if all revenue collected by Colorado's fee enterprises in 2025 had instead been raised through the income tax, the rate would have needed to reach 14.22%. Even excluding higher education enterprises, replacing fee revenue through the income tax would have required a rate of 7.97%, nearly double the nominal rate.

Note Note

The comparison becomes more revealing when viewed over time. Since 2018, Colorado voters have approved three income-tax cuts worth a combined 0.38 percentage-point reduction. During the same period, revenue collected by non-higher-education enterprises increased by the equivalent of a 1.8-percentage-point income-tax increase.

Voters repeatedly reduced the tax rate they could see while a much larger burden accumulated outside it.

This has been happening since the passage of TABOR, but the rate at which fee revenue is growing continues to intensify. In 1996, TABOR-exempt revenue represented 46% of total state spending. By 2025, it represented 77%. In inflation-adjusted terms, exempt revenue rose from $5,254 to $10,628 per resident.

Measures designed to check fee growth have not had the desired effect.

Voters approved Proposition 117 in 2020. This required voter approval before the state creates a new enterprise projected to collect more than $100 million during its first five years.

Note

The measure took effect in 2021, but since then the legislature has directly created 10 enterprises without referring any of them to voters. Those enterprises have generated $98 million in TABOR-exempt revenue.

Proposition 117 also placed no restriction on the growth of enterprises that already existed. Naturally, those have continued rising.

Note

More is coming. Fees on oil and gas production enacted in 2024 are projected to generate $175.3 million annually for the Clean Transit Enterprise and Colorado Parks and Wildlife Enterprise. Measures passed in 2025 redirected $65.1 million per year to the Healthcare Affordability and Sustainability Enterprise and raised another $13.5 million for the Bridge and Tunnel Enterprise. Two more enterprises are scheduled to begin collecting revenue for building decarbonization and home-strengthening programs.

Each fee may have its own rationale, and fees can be appropriate when they directly compensate an enterprise for a service. But policymakers rarely confront their cumulative effect. A transportation fee, energy charge, insurance assessment and business fee may each appear modest when debated separately. A household or employer experiences them as one more bundled payment in a worsening affordability climate.

The fees are only part of a larger conversation taking place over state funding. Colorado's November ballot appears poised to feature significant questions about taxation and spending, including competing ideas about the future of the income tax. As voters consider those questions, they deserve a complete account of what state government already collects, not merely the amount officially labeled as taxes.

Note

The legal distinction between a tax and a fee matters under TABOR. The economic distinction is often less meaningful to the person paying it.

Calling a charge a fee does not make it free. Colorado cannot credibly promise to address affordability while allowing billions of dollars in cumulative costs to remain hidden in plain sight.

Colorado's affordability is arguably its main competitive disadvantage with other states, especially with states that attract the same kind of big business and high-value earners.

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