

# Oppose HB 20-1193



## Tax Credits & Savings Accounts Won't Deliver Paid Family & Medical Leave

While it is great to see legislators from both political parties finally begin to seek solutions for the lack of paid leave in Colorado, HB 1193 is not the right solution for Colorado.

Nearly every Coloradan will need time off at some point to bond with a new baby or child, recover from a personal illness or injury, or take care of a loved one. Coloradans deserve a paid family and medical leave program that will be accessible to those who need it most.

### SAVINGS ACCOUNTS WON'T DELIVER Paid Family and Medical Leave

- Savings accounts for paid family and medical leave benefit high income earners and do little to help average working families. This bill is an untargeted, inefficient giveaway that provides tax shelters for upper middle class families while leaving everyone else behind.
- These policies widen inequality. Nearly half of all adults in the U.S. say they could not afford an emergency expense of \$400. These types of savings accounts presume people have enough income to place funds in an account, especially one that has a highly restricted use.
- Low and middle-income families participate in comparable programs, such as retirement, child care and health savings accounts, at much lower rates than their high-income peers.<sup>1</sup>
- Savings accounts don't guarantee time off. This bill does not require employers to give the time, even if a worker has the savings.

### TAX CREDITS WON'T DELIVER Paid Family and Medical Leave

- An employer-based tax credit won't guarantee that all workers have access to paid family and medical leave to care for themselves and their families. There is no evidence that tax breaks are an incentive for additional companies to offer new paid leave benefits. Experience with similar programs suggest they simply subsidize employers who are doing the right thing already.
- Tax credits are not free. Subsidies to employers shift costs to individual taxpayers. A tax credit means employers pay less income tax, which leads to reductions in government services elsewhere.
- Take-up rates show that tax credits don't work for small business:
  - The 2017 small business take-up rates for HSAs were just 16%, Flexible Benefit Plans a mere 7%, savings plans with no employer contribution 11%, and a payroll deduction IRA was 4%.<sup>2</sup>

### Colorado Needs a Triple A Paid Family & Medical Leave Program

For a paid family and medical leave policy to work for Colorado, it must be Affordable, Adequate and Accessible.

Savings accounts and employer tax credits are paid for by everyone but only benefit a small group of workers and leave many low-wage and high-need workers behind. Colorado deserves a program that works for everybody.

**Tell your Representative to  
Vote NO on HB 20-1193**

To learn more about this issue, visit [cofamli.org](http://cofamli.org).

1. Betchelder Lily L., Elaine Maag, Chye-Ching Huang and Emily Horton. "Who Benefits From President Trump's Child Care Proposals?" Tax Policy Center, February 28, 2017. <https://www.taxpolicycenter.org/publications/who-benefits-president-trumps-child-care-proposals/full>.

2. Bureau of Labor Statistics, Financial Benefits: Access, private industry workers, March 2017. <https://www.bls.gov/ncs/ebs/benefits/2017/benefits.htm>