

Colorado

Colorado Treats Poor Families Under Its Income Tax Better Than Most States

Colorado's 2001 income tax threshold — the income level at which families begin paying income tax:

Ranking among 42 states with income taxes

☞ For two-parent families of four: **\$28,700.**

3rd highest

☞ For single-parent families of three: **\$25,100.**

6th highest

Colorado's 2001 income tax on working-poor and near-poor families:

☞ For families of three or four with *full-time minimum-wage earnings* (\$10,712): **\$472 refund.**

9th highest refund

☞ For families of four with *incomes at the poverty line* (\$18,104): **\$595 refund.**

4th highest refund

☞ For families of three with *incomes at the poverty line* (\$14,129): **\$679 refund.**

4th highest refund

☞ For families of three with *incomes at 125% of poverty line* (\$17,661): **\$496 refund.**

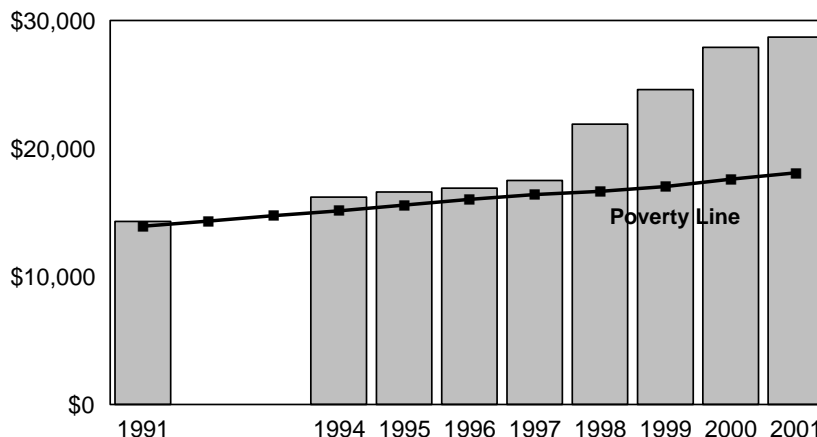
4th highest refund

Colorado has consistently exempted families with below-poverty earnings from the income tax.

☞ Colorado's favorable income tax treatment of working-poor families is due largely to its state Earned Income Tax Credit. The credit depends on TABOR budget surpluses in future years and could be suspended in future years if there is no surplus.

☞ In 1991, a family of four owed income tax when its income reached 3 percent above the poverty line. Colorado's tax threshold is now 59 percent above the poverty line.

Income Tax Threshold for Family of Four



Year	Threshold
1991	\$14,300
1994	\$16,200
1995	\$16,600
1996	\$16,900
1997	\$17,500
1998	\$21,900
1999	\$24,600
2000	\$27,900
2001	\$28,700

Source: CBPP, *State Income Tax Burdens on Low-Income Families in 2001*, February 26, 2002.