

Colorado

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

Colorado's 2000 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: **\$27,900.**
- ☞ For single-parent families of three: **\$24,400.**

3rd highest

**5th highest
(tie)**

Colorado's 2000 income tax on working-poor and near-poor families:

- ☞ For families of three or four with *full-time minimum-wage earnings (\$10,712)*: **\$389 refund.***
- ☞ For families of four with *incomes at the poverty line (\$17,601)*: **\$285 refund.***
- ☞ For families of three with *incomes at the poverty line (\$13,737)*: **\$367 refund.***
- ☞ For families of three with *incomes at 125% of the poverty line (\$17,171)*: **\$486 refund.***

**6th lowest
(tie)**

**5th lowest
(tie)**

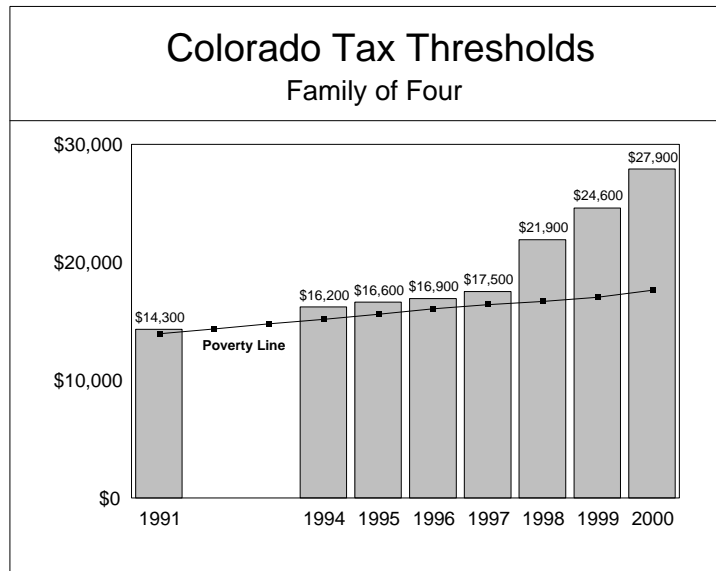
**4th lowest
(tie)**

3rd lowest

* Refund amounts reflect Earned Income Tax Credit and Child Credit; they do not include sales tax rebate.

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

- ☞ Colorado's tax threshold increased in 2000 due to the expansion of its state Earned Income Tax Credit from 8.5 to 10 percent of the federal EITC.
- ☞ In 1991, a family of four owed no tax until its income reached 3 percent *above* the poverty line. Colorado's tax threshold is now 59 percent *above* the poverty line.



Source: Center on Budget and Policy Priorities.