

# Colorado

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

**Colorado's 2002 income tax threshold — the income level at which families begin paying income tax:**

*Ranking among 42 states with income taxes*  
**22<sup>nd</sup> highest (tie)**  
**17<sup>th</sup> highest**

- ⇒ For single-parent families of three: **\$15,900.**
- ⇒ For two-parent families of four: **\$21,400.**

**Colorado's 2002 income tax on working-poor and near-poor families:**

- ⇒ No tax on families of three or four with *full-time minimum wage earnings* (\$10,712).
- ⇒ No tax on families of three with *incomes at the poverty line* (\$14,351).
- ⇒ No tax on families of four with *incomes at the poverty line* (\$18,390).
- ⇒ For families of three with *incomes at 125% of poverty line* (\$17,939): **21<sup>st</sup> highest**
- ⇒ For families of four with *incomes at 125% of poverty line* (\$22,988): **25<sup>th</sup> highest**

**Colorado has consistently exempted families with below-poverty earnings from the income tax, but the suspension of the state EITC threatens the progress made in recent years in reducing income tax burdens on poor families.**

- ⇒ A state EITC in Colorado enacted in the late 1990s was suspended for tax year 2002 due to insufficient state revenues, reducing that state's income tax threshold for a family of four from \$28,700 to \$21,400. This was the steepest decline in any state's income tax threshold at any time in at least ten years.
- ⇒ In 1991, a family of four owed income tax when its income reached 3 percent above the poverty line. In 2001, Colorado's tax threshold was 59 percent above the poverty line. In 2002, the threshold dropped to 16 percent above the poverty line.

**Income Tax Threshold for Family of Four**

