

HB23-1112: Earned Income and Child Tax Credits

Rep. Bird & Sens. Hansen, Kolker



VOTE YES ON HB23-1112

HB23-1112 will expand both the state level earned income tax credit (EITC) and child tax credit (CTC). This bill will increase the state EITC to 40% of the federal credit, expand eligibility for the CTC, and increase the state CTC percentages of the federal credit.

Tax Credits Help Working Families

The federal EITC is a refundable tax credit for working families that helps them afford food, rent, transportation, and other basic needs. Colorado's state EITC is currently set at 20% of the federal credit, it will increase to 25% in 2023, before returning to 20% in 2026. This bill will increase the EITC to 40% of the federal credit until 2033. In 2022, **430,000** Coloradans benefited from the federal EITC, putting more than **\$770 million** back into the hands of Colorado workers to spend in the local economy. For every \$1.00 spent by a family that receives the EITC, it creates an economic impact of \$1.50 to \$2.00.

The CTC is the largest federal tax code provision benefiting working families with children. It is a proven, targeted way to set kids and their families up for success and put money back into the pockets of Colorado families. The federal CTC supports more than **260,000** Colorado families. Data shows that most families spend CTC money on expenses like groceries, rent, utility bills, and child care. The Colorado legislature created a state CTC in 2013 for families with children under 6, and fully funded the state credit in 2021. The Colorado CTC will be available to families for the first time during the 2023 tax season.

The EITC and the CTC are powerful tools to right our upside-down tax code, where low-income Coloradans pay a higher share of their income in taxes than high-income filers. They put money back into the hands of working people, and provide much-needed boosts to local economies in the process.

Current and Proposed CTC Percentages

Single Filers			Joint Filers		
Income	Current % of Federal Credit	Under HB23-1112	Income	Current % of Federal Credit	Under HB23-1112
\$0 - \$25,000	60%	70%	\$0 - \$35,000	60%	70%
\$25,001 - \$50,000	30%	40%	\$35,001 - \$60,000	30%	40%
\$50,001 - \$75,000	10%	20%	\$60,001 - \$85,000	10%	20%



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