



COLORADO FISCAL POLICY INSTITUTE

Justice and Economic Security for *all* Coloradans

WHAT'S NOT IN YOUR WALLET? THE EARNED INCOME TAX CREDIT IN COLORADO

The Numbers By Colorado State Senate District

Colorado's earned income tax credit (EITC) is a contingent credit, available only in years when the state collects money that exceeds the TABOR revenue limit. While the state credit is 10 percent of the federal EITC and refundable, its financing mechanism is a fatal design flaw that means when the state experiences a budget crunch and revenues decline, struggling families lose an important tax break right when they need it the most.

Equally important, Colorado communities lose a critical economic stimulus as families have less income to spend on basic needs. It is estimated that every \$1 of EITC refunds generates \$5 in local economic activity. So, for every year that Colorado's EITC is suspended, Colorado loses more than \$200 million in economic activity.

The state EITC has not been available since 2001. The passage of Referendum C, which allows the state to retain all revenues that would have been refunded during a five year timeout period ending 2010-11, eliminated the state EITC. Recent revenue projections show that unless the state EITC is made permanent, and no longer subject to excess TABOR revenue, it will not be available until at least 2013.

District	Senator	Total Tax Returns	Total EITC Returns	Percent EITC	Federal EITC amt (\$)	State EITC amt (\$)	Lost Economic Impact
District 1	Brophy (R)	49,000	8,250	17	\$14,370,564	\$1,437,056	\$7,185,282
District 2	Kester (R)	45,528	9,184	20	\$16,228,775	\$1,622,878	\$8,114,388
District 3	Tapia (D)	54,539	11,834	22	\$21,304,623	\$2,130,462	\$10,652,312
District 4	Wiens (R)	69,720	5,012	7	\$7,612,011	\$761,201	\$3,806,005
District 5	Schwartz (D)	53,298	9,588	18	\$15,488,656	\$1,548,866	\$7,744,328
District 6	Isgar (D)	59,636	9,013	15	\$14,428,275	\$1,442,827	\$7,214,137
District 7	Penry (R)	59,173	9,296	16	\$15,538,810	\$1,553,881	\$7,769,405
District 8	Taylor (R)	59,252	5,975	10	\$8,839,164	\$883,916	\$4,419,582
District 9	Schultheis (R)	62,517	5,397	9	\$8,620,167	\$862,017	\$4,310,084
District 10	May, R (R)	62,902	9,104	14	\$15,616,634	\$1,561,663	\$7,808,317
District 11	Morse (D)	51,281	10,089	20	\$17,421,191	\$1,742,119	\$8,710,595
District 12	McElhany (R)	54,433	8,813	16	\$15,836,928	\$1,583,693	\$7,918,464
District 13	Renfroe (R)	58,173	10,089	17	\$18,498,023	\$1,849,802	\$9,249,011
District 14	Bacon (D)	58,846	5,844	10	\$7,956,796	\$795,680	\$3,978,398
District 15	Johnson (R)	65,015	7,073	11	\$10,834,119	\$1,083,412	\$5,417,060
District 16	FitzGerald (D)	61,796	4,668	8	\$5,765,554	\$576,555	\$2,882,777
District 17	Shaffer (D)	61,175	6,478	11	\$10,380,720	\$1,038,072	\$5,190,360
District 18	Tupa (D)	55,827	4,187	7	\$4,221,285	\$422,129	\$2,110,643
District 19	Windels (D)	57,681	5,113	9	\$7,900,584	\$790,058	\$3,950,292

District 20	Keller (D)	55,677	6,107	11	\$9,436,303	\$943,630	\$4,718,152
District 21	Boyd (D)	55,162	6,389	12	\$10,121,501	\$1,012,150	\$5,060,750
District 22	Kopp (R)	58,242	3,405	6	\$4,968,122	\$496,812	\$2,484,061
District 23	Mitchell, S (R)	66,456	7,137	11	\$11,872,624	\$1,187,262	\$5,936,312
District 24	Tochtrop (D)	59,564	8,884	15	\$15,126,951	\$1,512,695	\$7,563,476
District 25	Takis (D)	60,416	10,587	18	\$19,525,724	\$1,952,572	\$9,762,862
District 26	Ward (R)	56,028	4,994	9	\$7,517,134	\$751,713	\$3,758,567
District 27	Spence (R)	68,989	4,567	7	\$7,208,631	\$720,863	\$3,604,316
District 28	Williams (D)	59,829	6,847	11	\$11,320,654	\$1,132,065	\$5,660,327
District 29	Hagedorn (D)	49,552	9,887	20	\$17,969,288	\$1,796,929	\$8,984,644
District 30	Harvey (R)	68,884	3,060	4	\$4,489,431	\$448,943	\$2,244,715
District 31	Veiga (D)	58,130	8,394	14	\$13,152,538	\$1,315,254	\$6,576,269
District 32	Romer (D)	58,758	6,890	12	\$10,263,482	\$1,026,348	\$5,131,741
District 33	Groff (D)	56,361	11,080	20	\$19,991,641	\$1,999,164	\$9,995,821
District 34	Sandoval (D)	42,774	9,353	22	\$16,922,176	\$1,692,218	\$8,461,088
District 35	Gordon (D)	64,099	6,951	11	\$10,203,898	\$1,020,390	\$5,101,949
					State Totals:	\$42,695,298	\$213,476,489

Source: The Brookings Institution, Metropolitan Policy Program 2007

Data Tax Year 2004

Lost Economic Impact 10 percent federal EITC x 5