

GILLENTINE

Colorado families to receive tax credit in 2016

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For the first time in more than a decade, Colorado’s working families can earn a state earned income tax credit when they file taxes next year.

The credit — 10 percent of the federal tax credit with the same name — is expected to provide \$75 million to poor and moderate income level families across the state. That money is spent in the community, said Kathy White, deputy director of the Colorado Fiscal Institute, one of several organizations that fought for the credit.

“We know they spend it on things like car repairs, credit card debt,” she said. “And we know that, for many families, it makes the difference in putting them over the poverty level.”

White discussed the tax credit at a Colorado Springs meeting of the Women’s Foundation of Colorado at the Penrose House earlier this week. The statewide organization focuses on promoting legislation and policy that help women and girls succeed in Colorado. The EIC was one of only a handful of victories from the last legislative session.

“We have a wealth of data about the benefits of the earned income credit,” White said. “We know one single mom who paid her insurance policy and then bought diapers in bulk. She saved about \$200 doing that — and then invested in her son, giving him swimming lessons. She said she’d never be able to do that without

the federal credit.”

The federal earned income tax credit can be as high as \$6,000 a year, depending on income and number of children. It’s been around since President Gerald Ford’s administration — and White said that every president since has supported or expanded the tax credit.

The highest the state credit will ever get is \$600 a family, but it’s anticipated that 354,000 families in the state will get some sort of credit. It’s good news for families, but isn’t necessarily good news for the state budget.

“We only get the earned income credit when the TABOR (the Taxpayer Bill of Rights) revenue limits are met,” White explained. “And that means the state will have budget cuts. TABOR means that every taxpayer in the state will get about \$51 in refunds, but the families who qualify could get more.”

And that means that even fewer bills will pass state legislators’ scrutiny during the next legislative session, said lobbyist Jennifer Miles, who works on behalf of the Women’s Foundation. Not only is it an election year, but there is less money to use for programs.

“What we see, typically, is bills that have no chance of passing, just so you can get the opposition on record,” she said. “And then they use it against them in advertising during the campaign. But we have to cut \$20 million from the state government, which means any spending will be looked at very, very closely.”

Despite the economic boom in Colorado, TABOR and Gallagher requirements mean there will be more cuts to higher education, she said. And despite Gallagher, the governor’s budget shows there will be about \$50 million less for K-12 education than there would be without TABOR.

But the foundation has hope that some of the issues typically labeled “women’s issues” will receive a fair hearing in January. The group supports more affordable day care for working parents, and saw a success with a bill that allows families receiving Aid for Dependent

Children to also receive child support payments from a delinquent parent. In the past, those payments stayed with the county — “paying” for the AFDC benefits the family received.

“It didn’t make sense,” Miles said. “So the legislature agreed the money should go to the families, where children benefit from it the most.”

That was the sole legislative success from the last session. Two other bills the foundation supported — one for long-term, removable birth control programs and another that was educational in nature, and included abstinence training — did not pass the legislature. Miles blames stiff opposition from some Republicans, and said that the leadership purposefully put it into a committee where it wouldn’t pass. Even with some bipartisan support, the bills were doomed, she said.

“But we’re working on continuing the LARC (long-term, removable birth control),” she said. “The government has included it in the 2016 budget, so there’s a chance it can pass.”

It’s a big deal, she said, because the program was successful in preventing abortions, keeping young women off Medicaid and in school.

The group, which works with other statewide groups like the Colorado Center for Law and Policy, is gearing up for the 2016 legislative session. As Miles said, it’s going to be difficult to get bills through a divided legislature in an election year.

“But we encourage people to get involved,” she said. “We need people to meet with legislators, to testify, to know what the issues are.” n *CSBJ*