

Colorado Expands Child Tax Credit to Parents With No or Little Income

JFI researchers advised Colorado-based advocacy groups, legislators and the governor's office on pivotal CTC reforms in a successful collaborative expansion effort reaching 195,000 children in the state

Press Release

New York, NY, June 2, 2023 — Colorado Governor Jared Polis today will sign [House Bill 1112](#), expanding the state child tax credit (CTC) to be the second largest state CTC in the country—up to \$1200 per child under six for lowest-income households. The credit includes over 12,000 children previously excluded because their parents' incomes were too low, and significantly increases benefits for 53,000 additional families with incomes under \$35,000 per year. The policy now covers a total of 195,000 children.

Colorado first [introduced](#) the CTC in 2021 and was among several states to create a fully refundable credit (i.e. credit amount is provided in full regardless of tax liability) as the American Rescue Plan Act CTC expired. California's longtime refundable CTC, \$1,083 per child, [removed](#) the \$1 nominal income requirement; Vermont also passed a fully refundable state CTC worth \$1,000 per child under six; and other smaller, fully refundable credits passed in [New Jersey](#), [New Mexico](#), [Maryland](#), and [Massachusetts](#). While other states [also introduced](#) expansion bills this year, few matched the dollar amount of the Colorado benefit. Only Minnesota [passed](#) a larger benefit per child that was signed into law last week.

In the lead-up to the bill's passage, JFI researchers, including VP for Policy Halah Ahmad and Research Associate Jack Landry, produced a series of analyses that pointed to the limitations of the status quo child tax credit, which linked benefit amounts to the federal credit and thereby incorporated a *de facto* income requirement that excluded or reduced benefits to over 65,000 of the poorest children in the state. The JFI team worked with Colorado-based research and advocacy groups led by the Colorado Fiscal Institute and produced possible amendments to HB-1112 that would ensure the expanded CTC made lowest income children eligible regardless of the federal income phase-ins that were reintroduced this year. Strong support from sponsors Shannon Bird, Mary Young, Chris

Hansen and Chris Kolker ensured the bill passed the CO house and Senate with wide margins. The governor is scheduled to sign the bill at a ceremony today.

“Working people are at the center of our economy and we need to ensure we are providing them the tools and resources to succeed. Cash policy is a great tool to keep our economy strong and ensure families are thriving,” said Kathy White, Executive Director of the Colorado Fiscal Institute and one of the leading advocates for the bill. “This legislation helps to create a more equitable tax system that gives families greater economic security with rising prices. Together with our partners at JFI and the Helping Colorado Families Get Ahead Coalition, among others, we were able to ensure that those CTC expansion dollars would reach Colorado’s neediest kids. This bill is groundbreaking for Colorado—and a national model.”

“This year, as state revenues grew above our constitutional spending caps, the EITC and CTC were again on the table to help support families with children and reduce childhood poverty,” said Chaer Robert, Legislative Director at the Colorado Center on Law and Policy. “After being approached by the Jain Family Institute, advocates realized the structure of our CTC left out kids in families with incomes under \$2,500, and lessened the benefit for those with low incomes. We have long worked on tax policy for struggling families, and fought for this priority—even as budget pressures sought to narrow its scope and cost.”

A forthcoming report from JFI analyzes the comparative structures of the state child tax credits and present political support for this type of unconditional cash assistance policy, which has garnered bipartisan support in state legislatures.

In recent years, several cash assistance efforts have emerged across Colorado: [The Denver Basic Income Pilot](#); a guaranteed income [pilot in Boulder, CO](#) funded through American Rescue Plan Act dollars; over \$38 million in emergency [cash assistance](#) during the pandemic; the establishment of a [benefits recovery fund](#) for thousands of frontline workers regardless of documentation status; among others. Many of these efforts have been supported by [Impact Charitable](#), a Colorado philanthropy

network; and [AidKit](#), a digital cash assistance distributor that started in Colorado and now works in several states. Several organizations behind these efforts and the Colorado Child Tax Credit are set to form a guaranteed income policy working group in the coming year.

View the [full legislation text here](#).

JFI research into child tax credits forms part of our applied approach to the study of guaranteed income. Our white paper series, “[Getting to Guaranteed Income](#),” discusses practical pathways toward a national income support program, covering research on targeting and distribution mechanisms, where cash fits best in the safety net, its macroeconomic effects, and the political context surrounding cash assistance policy. JFI research has also [examined](#) the effects of federal economic impact payments and the expanded [Child Tax Credit](#) of 2021-22.

Alongside our legislative analysis, JFI builds the knowledge base for guaranteed income through field research in [Maricá, Brazil](#); [Compton, CA](#); [Los Angeles, CA](#); [Hudson, NY](#); among other policy and pilot sites.

About the Jain Family Institute:

The Jain Family Institute (JFI) is a nonpartisan applied research organization in the social sciences that works to bring research and policy from conception in theory to implementation in society. Founded in 2014 by Robert Jain, JFI focuses on building evidence around the most pressing social problems.

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