

# Colorado Asset Growth Project

## Earned Income Tax Credit

**The federal EITC benefits thousands of families in Colorado. In 2003, 256,000 families, about 13% of Colorado tax filers, claimed the federal EITC. It is claimed equally by Coloradans living in rural, suburban, and urban areas. \$412 million of EITC went to Colorado workers in 2003, which stimulated Colorado's economy. When families spend their EITC refunds on goods and services, local merchants benefit. Economists estimate that EITC dollars will be re-spent 3 - 5 or more times within the local economy.**

**Recent IRS estimates suggest that approximately 24,000 Colorado workers may miss out on the credit annually, leaving as much as \$38 million of local economic stimulus on the table, and more if the "multiplier effect" is considered. (The Piton Foundation)**

**The participation gap is likely to be larger in communities that have more: very low-income working families (incomes under \$10,000); low-income Hispanic families and families whose first language is not English; and families with more than two children. Eligible members of these groups have been found to claim the credit at lower rates than the national average. If your community has large numbers of these types of families, you may have the opportunity to raise the number of families claiming the credit by perhaps as much as 10%. (The Brookings Institution)**

**Below is a table showing approximate EITC funds available and not claimed in 16 Southern Colorado Counties. It demonstrates how much money (\$16,656,079) is being lost by Southern Colorado individuals and families. Applying Reagan Administration's "Trickle Down Theory" where one third of a family's money stays in the community, it could bring over \$5 million dollars to Southern Colorado businesses.**

Southern Colorado EITC Statistics					
County	Pop.	#of VITA Sites	Est. % Hsfflds. <35(C	Est. Lost EITC \$ to Families	Estimated \$ Loss to Community.
Alamosa	14,866	1	21	771,398	257,133
Archuleta	9,898	0	18	438,188	145,396
Baca	4,517	1	26	287,268	95,763
Bent	5,998	0	20	293,400	97,800
Conejos	8,400	0	24	484,355	161,452
Costilla	3,663	0	31	276,041	92,014
Crowley	5,518	0	16	220,539	73,513
Dolores	1,844	0	23	103,913	34,638
Huerfano	7,862	0	25	472,374	157,458
La Plata	43,941	1	17	1,943,775	614,592
Las Animas	15,207	1	25	922,010	307,337
Montezuma	23,830	1	21	1,220,300	406,767
Otero	20,311	0	22	1,115,409	371,803
Prowers	14,483	0	21	758,684	252,895
Pueblo	141,472	5	20	7,074,808	2,358,203
Saguache	5,917	0	26	375,797	125,268
<b>Totals/Avg.</b>	<b>327,827</b>	<b>10</b>	<b>22</b>	<b>16,656,079</b>	<b>5,552,030</b>

Sources: County Populations from US Census 2000; Number of VITA Sites, Estimated Households with Income Below \$34,999, Estimated Lost EITC Dollars to Families, Estimated Lost Revenues to Community: provided by the Denver IRS SPEC Office

Chart 1

For the full details on the EITC, IRS document 596 (English) or 596SP (Spanish) are available by clicking on their link or going to IRS.gov.