

Colorado's FATC Has the Strongest Anti-Poverty Impact of All U.S. Refundable Credits

Hamilton, L., Roll, S., Stith, L., & Zhang, G.

In 2023, nearly 1 in 10 Colorado children lived below the federal poverty line. The Family Affordability Tax Credit (FATC) is a fully refundable state income tax credit available to CO families with children under age 17, enacted in 2024. In this analysis, we examine the impacts of the FATC on child poverty alongside the impacts of Colorado's Child Tax Credit (CTC) and Earned Income Tax Credit (EITC) in its first year of implementation.

Key Takeaways

- FATC reaches $\frac{1}{2}$ of CO families
- FATC provides the largest single-program reduction in child poverty
- Layering credits (FATC + CTC + EITC) creates the strongest anti-poverty effect

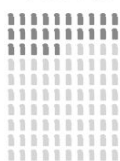
Who Benefits?

Among 683,400 Colorado families with children

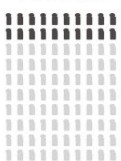
FATC Eligible
48.5%



EITC Eligible
25.4%



CTC Eligible
20.3%



The 'Triple Qualified' Group
~1 in 9 families qualify for all 3.



11.6% of families

Impact on Children

48% of ALL Colorado children live in FATC families.

Impact on Child Poverty

Combined impact of FATC, CTC & EITC

11.63%



Before Credits

7.31%



After Credits

37%

Reduction in Child Poverty

The largest reduction occurs when the FATC is combined with the CTC and EITC.

Parent Perspectives

"I enjoy Colorado more than any state that I ever lived in because it's the first time I actually felt like the laws that were put in place were really with the people in mind."

"I work my butt off all year long, and it's so nice that there is a tax credit that kind of recognizes that."

"Even though I'm grasping for straws sometimes, I do feel like Colorado offsets that. The legislators actually take that into consideration instead of just continuing on... instead of just saying 'it is what it is.'"

"It literally was a breath of fresh air. Sometimes it's choosing between bills and groceries, and so that just gave me some wiggle room."



Full report

