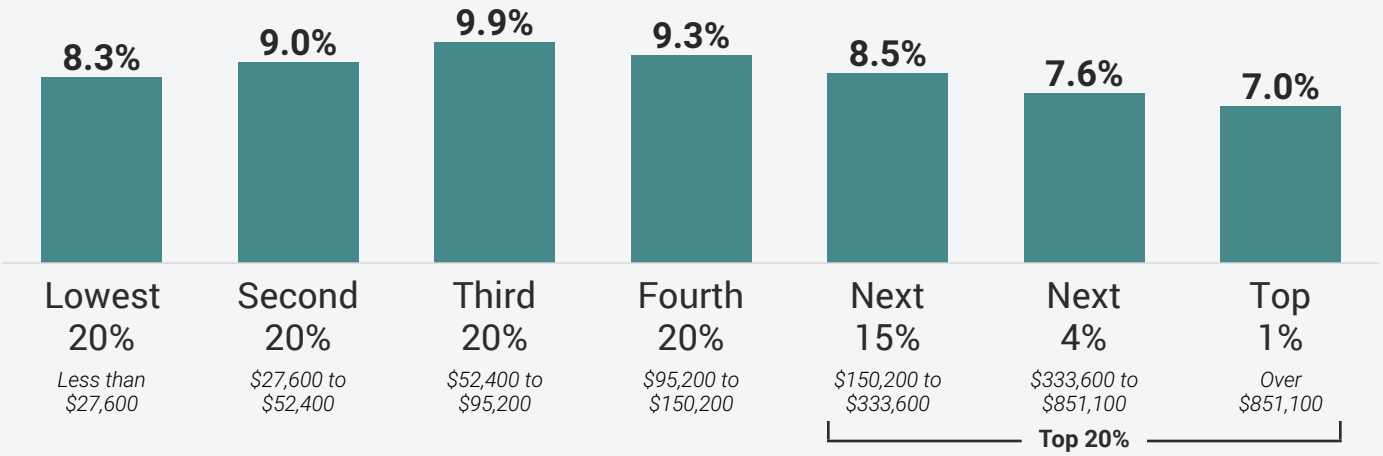
# Colorado

## State and local tax shares of family income

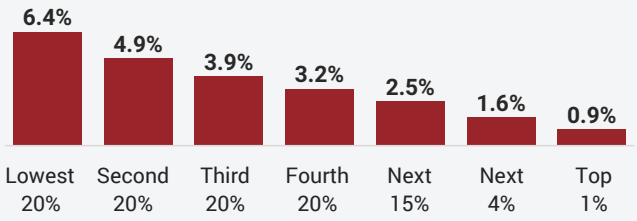
### Total Taxes

*Share of family income*



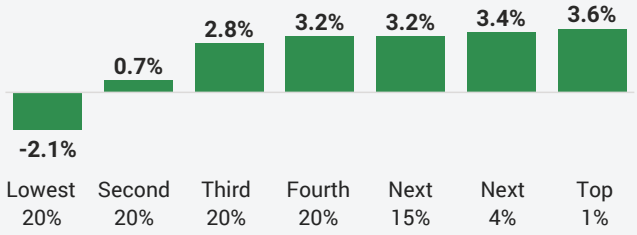

### Sales & Excise Taxes

*Share of family income*



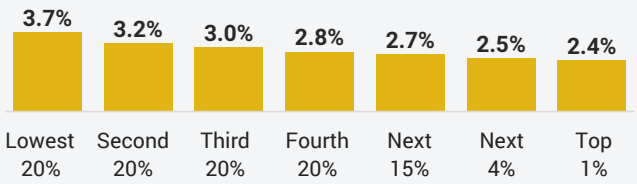

### Personal Income Taxes

*Share of family income*




### Property Taxes

*Share of family income*




*Note: All figures and charts show 2024 tax law in Colorado, presented at 2023 income levels. Senior taxpayers are excluded for reasons detailed in the methodology. Our analysis includes nearly all (99.2 percent) state and local tax revenue collected in Colorado. These figures depict Colorado's EITC at its 2024 level of 38 percent of federal. The credit will decline to 20 percent over the next two years. As seen in Appendix E, this will increase the bottom fifth's overall tax rate by 1.0 percentage point and cause the state to move 3 spots in the ITEP Inequality Index rankings, from 39th to 36th most regressive.*

# Colorado State and local tax (cont.)

*Individual figures may not sum to totals due to rounding.*

| Income Group | Lowest 20% | Second 20% | Middle 20% | Fourth 20% | Top 20% Next 15% | Top 20% Next 4% | Top 20% Top 1% |
|---|---|---|---|---|---|---|---|
| Income Range | Less than $27,600 | $27,600 to $52,400 | $52,400 to $95,200 | $95,200 to $150,200 | $150,200 to $333,600 | $333,600 to $851,100 | Over $851,100 |
| Average Income in Group | $15,100 | $40,500 | $71,900 | $123,600 | $212,200 | $504,600 | $2,357,300 |
| **Sales & Excise Taxes** | **6.4%** | **4.9%** | **3.9%** | **3.2%** | **2.5%** | **1.6%** | **0.9%** |
| General Sales–Individuals | 2.7% | 2.6% | 2.1% | 1.7% | 1.3% | 0.7% | 0.2% |
| Other Sales & Excise–Ind. | 2.2% | 1.0% | 0.7% | 0.4% | 0.3% | 0.2% | 0.0% |
| Sales & Excise–Business | 1.5% | 1.4% | 1.2% | 1.0% | 0.9% | 0.7% | 0.6% |
| **Property Taxes** | **3.7%** | **3.2%** | **3.0%** | **2.8%** | **2.7%** | **2.5%** | **2.4%** |
| Home, Rent, Car–Individuals | 2.7% | 2.2% | 2.0% | 2.0% | 1.7% | 1.3% | 0.4% |
| Other Property Taxes | 1.0% | 1.0% | 1.0% | 0.9% | 1.0% | 1.2% | 2.0% |
| **Income Taxes** | **-2.0%** | **0.7%** | **2.8%** | **3.2%** | **3.2%** | **3.4%** | **3.7%** |
| Personal Income Taxes | -2.1% | 0.7% | 2.8% | 3.2% | 3.2% | 3.4% | 3.6% |
| Corporate Income Taxes | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.1% |
| **Other Taxes** | **0.2%** | **0.1%** | **0.1%** | **0.1%** | **0.1%** | **0.1%** | **0.1%** |
| **TOTAL TAXES** | **8.3%** | **9.0%** | **9.9%** | **9.3%** | **8.5%** | **7.6%** | **7.0%** |

## ITEP Tax Inequality Index

Colorado has a hybrid system that is progressive through the bottom part of the income distribution and regressive through the top part. On balance, the overall system tilts regressive because high-income families pay the lowest overall tax rates. **According to ITEP's Tax Inequality Index, Colorado has the 39th most regressive state and local tax system in the country.** Income disparities between high-income taxpayers and other families are larger in Colorado after state and local taxes are collected than before. (See Appendix B for state-by-state rankings and the report methodology for additional detail.)

## Tax features driving the data in Colorado

PROGRESSIVE

- Refundable Child Tax Credit (CTC) for young children
- Comparatively large standard deduction
- Requires combined reporting for the corporate income tax; some foreign tax haven income is partially taxed through GILTI inclusion
- State sales tax base excludes groceries
- Refundable Earned Income Tax Credit (EITC)
- Refundable dependent care tax credit

REGRESSIVE

- No property tax "circuit breaker" credit for low-income, non-senior taxpayers
- Personal income tax uses a flat rate
- Does not levy a tax on estates or inheritances
- Local sales tax bases include groceries