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Seventieth General Assembly
STATE OF COLORADO

9.17.14

BILL 2

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LLS NO. 15-0102.01 Nicole Myers x4326

INTERIM COMMITTEE BILL

Early Childhood and School Readiness Legislative Commission

BILL TOPIC: "Tax Credit For Early Childhood Education Providers"

A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF AN INCOME TAX CREDIT FOR CERTAIN**
102 **EARLY CHILDHOOD EDUCATION PROVIDERS.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billssummaries>.)

Early Childhood and School Readiness Legislative Commission. For income tax years commencing on or after January 1, 2015, the bill allows an income tax credit to a taxpayer who is an early childhood education provider if the taxpayer holds a Colorado early childhood professional credential issued by the Colorado department of

education and is either:

- Employed by a child care center that accepts children through the Colorado child care assistance program and has been employed at one such child care center for at least 6 months during the year for which the credit is claimed; or
- Is a family child care home provider who has held a family child care home license issued by the Colorado department of human services for at least 6 months when the credit is claimed and who has done business as a family child care home provider for at least 6 months during the year for which the credit is claimed.

The amount of the income tax credit allowed is:

- \$1,600 for a taxpayer who holds a level I Colorado early childhood professional credential;
- \$2,000 for a taxpayer who holds a level II Colorado early childhood professional credential; or
- \$2,500 for a taxpayer who holds a level III or higher Colorado early childhood professional credential.

Upon request by the department of revenue, a taxpayer who claims the income tax credit is required to submit proof that the child care center by which he or she is employed accepts children through the Colorado child care assistance program.

If the income tax credit allowed exceeds the amount of income taxes otherwise due on the taxpayer's income in the income tax year for which the credit is being claimed, the amount of the credit not used shall be refunded to the taxpayer.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** 39-22-538 as
3 follows:

4 **39-22-538. Credit for early childhood education providers.**

5 (1) (a) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1,
6 2015, A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE IS ALLOWED
7 TO A TAXPAYER WHO IS AN EARLY CHILDHOOD EDUCATION PROVIDER AND
8 WHO SATISFIES THE FOLLOWING CRITERIA:

9 (I) THE TAXPAYER HOLDS A COLORADO EARLY CHILDHOOD
10 PROFESSIONAL CREDENTIAL ISSUED BY THE COLORADO DEPARTMENT OF

1 EDUCATION; AND

2 (II) THE TAXPAYER IS EITHER:

3 (A) EMPLOYED BY A CHILD CARE CENTER THAT ACCEPTS CHILDREN
4 THROUGH THE COLORADO CHILD CARE ASSISTANCE PROGRAM CREATED IN
5 PART 8 OF ARTICLE 2 OF TITLE 26, C.R.S., AND HAS BEEN EMPLOYED AT
6 ONE SUCH CHILD CARE CENTER FOR AT LEAST SIX MONTHS DURING THE
7 YEAR FOR WHICH THE CREDIT IS CLAIMED; OR

8 (B) IS A FAMILY CHILD CARE HOME PROVIDER WHO HAS HELD A
9 FAMILY CHILD CARE HOME LICENSE ISSUED BY THE COLORADO
10 DEPARTMENT OF HUMAN SERVICES PURSUANT TO PART 1 OF ARTICLE 6 OF
11 TITLE 26, C.R.S., FOR AT LEAST SIX MONTHS WHEN THE CREDIT IS CLAIMED
12 AND WHO HAS DONE BUSINESS AS A FAMILY CHILD CARE HOME PROVIDER
13 FOR AT LEAST SIX MONTHS DURING THE YEAR FOR WHICH THE CREDIT IS
14 CLAIMED.

15 (b) A TAXPAYER WHO SATISFIES THE CRITERIA SPECIFIED IN
16 PARAGRAPH (a) OF THIS SUBSECTION (1) MAY CLAIM AN INCOME TAX
17 CREDIT PURSUANT TO THIS SECTION IN AN AMOUNT AS FOLLOWS:

18 (I) ONE THOUSAND SIX HUNDRED DOLLARS FOR A TAXPAYER WHO
19 HOLDS A LEVEL ONE COLORADO EARLY CHILDHOOD PROFESSIONAL
20 CREDENTIAL;

21 (II) TWO THOUSAND DOLLARS FOR A TAXPAYER WHO HOLDS A
22 LEVEL TWO COLORADO EARLY CHILDHOOD PROFESSIONAL CREDENTIAL;
23 OR

24 (III) TWO THOUSAND FIVE HUNDRED DOLLARS FOR A TAXPAYER
25 WHO HOLDS A LEVEL THREE OR HIGHER COLORADO EARLY CHILDHOOD
26 PROFESSIONAL CREDENTIAL.

27 (2) A TAXPAYER WHO IS EMPLOYED BY A CHILD CARE CENTER AND

1 WHO CLAIMS THE CREDIT ALLOWED IN THIS SECTION SHALL, UPON
2 REQUEST OF THE DEPARTMENT OF REVENUE, SUBMIT PROOF THAT THE
3 CHILD CARE CENTER ACCEPTS CHILDREN THROUGH THE COLORADO CHILD
4 CARE ASSISTANCE PROGRAM.

5 (3) IF THE AMOUNT OF THE CREDIT ALLOWED IN THIS SECTION
6 EXCEEDS THE AMOUNT OF INCOME TAXES OTHERWISE DUE ON THE
7 TAXPAYER'S INCOME IN THE INCOME TAX YEAR FOR WHICH THE CREDIT IS
8 BEING CLAIMED, THE AMOUNT OF THE CREDIT NOT USED AS AN OFFSET
9 AGAINST INCOME TAXES IN THE CURRENT INCOME TAX YEAR SHALL BE
10 REFUNDED TO THE TAXPAYER.

11 **SECTION 2. Act subject to petition - effective date.** This act
12 takes effect at 12:01 a.m. on the day following the expiration of the
13 ninety-day period after final adjournment of the general assembly (August
14 5, 2015, if adjournment sine die is on May 6, 2015); except that, if a
15 referendum petition is filed pursuant to section 1 (3) of article V of the
16 state constitution against this act or an item, section, or part of this act
17 within such period, then the act, item, section, or part will not take effect
18 unless approved by the people at the general election to be held in
19 November 2016 and, in such case, will take effect on the date of the
20 official declaration of the vote thereon by the governor.