HB12-1273

Colorado Legislative Council Staff Fiscal Note

STATE FISCAL IMPACT

Drafting Number:	LLS 12-0674	**Date:**	February 15, 2012
Prime Sponsor(s):	Rep. Pabon Sen. Steadman	**Bill Status:**	House Finance
		Fiscal Analyst:	Louis Pino (303-866-3556)

TITLE: CONCERNING THE INCLUSION OF APPROVED FACILITY SCHOOLS AFFILIATED WITH A HOSPITAL TO THE DEFINITION OF CHILD CARE FACILITY FOR PURPOSES OF THE CHILD CARE CONTRIBUTION INCOME TAX CREDIT.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014	FY 2014-2015
State Revenue General Fund - Reduction	($650,000)	($1,625,000)	($1,950,000)
State Expenditures			
FTE Position Change			
Effective Date: August 8, 2012, if the General Assembly adjourns on May 9, 2012, as scheduled, and no referendum petition is filed.			
Appropriation Summary for FY 2012-2013: None required.			
Local Government Impact: None			

Summary of Legislation

HB12-1273 would include approved facility schools that are affiliated with a licensed or certified hospital as eligible child care facilities for the purposes of the child care contribution income tax credit. The facilities would be eligible beginning in income tax year 2012.

Background

The child care contribution income tax credit was established in 1999 and is authorized through tax year 2019. State income taxpayers, both individual and corporate filers, who contribute money to promote child care in Colorado can claim an income tax credit of 50 percent of the total contribution (non-monetary donations do not qualify for the credit). The amount of the credit cannot exceed $100,000 per taxpayer, and the credit shall not exceed the tax liability for the year. Any excess credits may be carried forward to future income tax returns for up to five years.

Donation eligibility. Donations to promote child care in Colorado for children age 12 years and under qualify for the state income tax credit. Tax credits may be claimed if money is donated for the establishment or operation of a *licensed* child care facility or program such as:

- child care center;
- child placement agency;
- family child care home;
- foster care home;
- homeless youth shelter;
- residential child care facility or secure residential treatment center; or
- registered child care program that provides similar services provided by a child carecenter.

Child care organizations not licensed by the Department of Human Services must register with the Colorado Department of Revenue to receive donations that qualify for the tax credit. State income tax credits may also be claimed against money donated for a *registered*:

- grant or loan program for parents in Colorado requiring financial assistance for child care;
- training program for child care providers in Colorado;
- information dissemination program that assists parents with child care information and referral services; or
- grandfathered child care organization (these organizations may accept qualified donations for the care of children ages 13 thru 18).

Availability of the credit. Any unused child care contribution credit from tax year 2010 and earlier can be carried forward and claimed in tax year 2011 and 2012. However, any child care contributions made during tax years 2011 and 2012 cannot be used in such income tax years.[1] These credits may be claimed beginning in tax year 2013.

For tax year 2013, the taxpayer can use 50 percent of the total amount carried foward from previous years plus any credit donations made during 2013. Any unused credits will be carried forward to tax year 2014.

For tax year 2014, the taxpayer can use 75 percent of the total carried foward from previous years plus any credit donations made during 2014. Any unused credits will be carried forward to tax year 2015.

There is no such limitation on the percentage of the credit that can be used in tax years 2015 or later.

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[1] *Tax years 2011 and 2012 were dependent upon whether the December 2010 and December 2011 Legislative Council forecasts showed that total General Fund revenue for that particular fiscal year is sufficient to grow the total state General Fund appropriations by six percent over such appropriations for the previous fiscal year. Legislative Council forecasts did* ***not*** *show enough revenue to authorize the credit.*

Facility Schools. Facility schools are day treatment centers, residential child care facilities, out-of-home placement facilities, or hospitals that provide educational programs for the children placed in the institution. The facilities are licensed by the Department of Human Services or the Department of Public Health and Environment. Facility schools were created to provide an education consistent and comparable with what they would receive in the public school setting. Facility schools are a unit within the Department of Education that must adopt accountability and academic measures. They may receive funding from the State Education Fund. The Department of Education's Facility School Unit must develop and maintain the list of approved facility schools. There are 57 approved facility schools.

Of these schools, five have been identified from the approved facility school list as being affiliated with a hospital:

- Children's Hospital;
- Denver Health Medical Center;
- National Jewish Health; and
- PSI Ceder Springs Hospital, Inc.

State Revenue

This bill will reduce General Fund revenue by $650,000 in FY 2012-13, $1.6 million in FY 2013-14, and $2.0 million in FY 2014-15. These estimates are based on 2010 income tax credit data from the Department of Revenue. FY 2012-13 is for one-half year on an accrual accounting basis.

The amount of future contributions is difficult to predict. As a result, the amounts may be higher or lower depending on the number of contributions made to the facility schools affiliated with a hospital.

The fiscal note assumes these institutions have higher fundraising experience and expertise for identifying potential contributors. The estimates are based on the amount of total credits claimed from those taxpayers that contributed to the maximum allowable amount of $100,000 per taxpayer in 2010. The fiscal note also assumes that taxpayers in tax years 2012 and after will contribute to the facility schools shown above.

State Expenditures

The Department of Revenue already administers the credit this bill will not materially change the number of credits submitted in any year. As a result any workload change will be absorbed within current resources. The Office of Information Technology likewise will not experience a fiscal impact.

Departments Contacted

Education	Law	Human Services	Revenue