

CHAPTER 159

TAXATION

HOUSE BILL 19-1005

BY REPRESENTATIVE(S) Buckner and Wilson, Arndt, Bird, Caraveo, Coleman, Cutter, Duran, Esgar, Froelich, Galindo, Gonzales-Gutierrez, Gray, Hansen, Herod, Hooton, Jackson, Jaquez Lewis, Kipp, Lontine, McCluskie, McLachlan, Melton, Michaelson Jenet, Mullica, Roberts, Sirota, Snyder, Titone, Valdez A., Valdez D.;
also SENATOR(S) Todd and Priola, Bridges, Donovan, Fenberg, Fields, Foote, Gonzales, Pettersen, Rankin, Story, Winter.

AN ACT**CONCERNING AN INCOME TAX CREDIT FOR CERTAIN EARLY CHILDHOOD EDUCATORS.**

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

SECTION 1. In Colorado Revised Statutes, **add** 39-22-542 as follows:

39-22-542. Early childhood educator income tax credit - legislative declaration - definitions - repeal. (1) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

(a) THE BENEFITS OF QUALITY CHILD CARE AND EARLY CHILDHOOD EDUCATION ARE WELL DOCUMENTED AND A STRIKING CONNECTION EXISTS BETWEEN CHILDREN'S LEARNING EXPERIENCES WELL BEFORE KINDERGARTEN AND THEIR LATER SCHOOL SUCCESS;

(b) SMALL BUSINESS OWNERS AND PARENTS WHO RELY ON CHILD CARE TO WORK WOULD ALSO EXPERIENCE LOWER TURNOVER IN CHILD CARE STAFF WHEN EARLY CHILDHOOD EDUCATORS EXPERIENCE BETTER ECONOMIC STABILITY; AND

(c) THE INTENDED PURPOSE OF THIS TAX EXPENDITURE IS TO ENCOURAGE EARLY CHILDHOOD EDUCATORS TO IMPROVE THEIR SKILLS TO BETTER SUPPORT THE DEVELOPMENT OF OUR YOUNG CHILDREN.

(2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

(b) "EARLY CHILDHOOD PROFESSIONAL CREDENTIAL" MEANS THE EARLY CHILDHOOD PROFESSIONAL CREDENTIALS ISSUED BY THE DEPARTMENT OF EDUCATION AND DESIGNATED AS EARLY CHILDHOOD PROFESSIONAL I, EARLY CHILDHOOD PROFESSIONAL II, EARLY CHILDHOOD PROFESSIONAL III, EARLY CHILDHOOD PROFESSIONAL IV, EARLY CHILDHOOD PROFESSIONAL V, AND EARLY CHILDHOOD PROFESSIONAL VI.

(c) "ELIGIBLE EARLY CHILDHOOD EDUCATOR" MEANS AN INDIVIDUAL WITH A FEDERAL ADJUSTED GROSS INCOME LESS THAN OR EQUAL TO SEVENTY-FIVE THOUSAND DOLLARS FOR AN INDIVIDUAL FILING A SINGLE RETURN, OR WITH A FEDERAL ADJUSTED GROSS INCOME LESS THAN OR EQUAL TO EIGHTY-FIVE THOUSAND DOLLARS FOR AN INDIVIDUAL FILING A JOINT RETURN, WHO, FOR AT LEAST SIX MONTHS OF THE INCOME TAX YEAR FOR WHICH THE CREDIT IS CLAIMED, HOLDS AN EARLY CHILDHOOD PROFESSIONAL CREDENTIAL AND IS EITHER THE LICENSEE OF AN ELIGIBLE PROGRAM OR EMPLOYED BY AN ELIGIBLE PROGRAM.

(d) "ELIGIBLE PROGRAM" MEANS EITHER AN EARLY CHILDHOOD EDUCATION PROGRAM AS DEFINED IN SECTION 26-6.5-101.5 (6.5), OR A LICENSED FAMILY CHILD CARE HOME. AN ELIGIBLE PROGRAM MUST:

(I) HAVE HELD AT LEAST A LEVEL TWO QUALITY RATING PURSUANT TO THE COLORADO SHINES QUALITY RATING AND IMPROVEMENT SYSTEM ESTABLISHED IN SECTION 26-6.5-106 FOR THE INCOME TAX YEAR FOR WHICH THE CREDIT IS CLAIMED; AND

(II) FOR THE INCOME TAX YEAR FOR WHICH THE CREDIT IS CLAIMED, EITHER:

(A) HAVE FISCAL AGREEMENTS WITH THE CHILD CARE ASSISTANCE PROGRAM, OR CCCAP, ESTABLISHED IN PART 8 OF ARTICLE 2 OF TITLE 26; OR

(B) BE AN EARLY HEAD START OR HEAD START PROGRAM THAT MEETS FEDERAL STANDARDS.

(e) "FAMILY CHILD CARE HOME" HAS THE SAME MEANING AS SET FORTH IN SECTION 26-6-102 (13).

(f) "INFLATION" MEANS THE ANNUAL PERCENTAGE CHANGE IN THE UNITED STATES DEPARTMENT OF LABOR'S BUREAU OF LABOR STATISTICS CONSUMER PRICE INDEX FOR DENVER-AURORA-LAKWOOD FOR ALL ITEMS PAID BY ALL URBAN CONSUMERS, OR ITS APPLICABLE PREDECESSOR OR SUCCESSOR INDEX.

(3) (a) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2020, BUT BEFORE JANUARY 1, 2025, AN ELIGIBLE EARLY CHILDHOOD EDUCATOR IS ALLOWED A CREDIT AGAINST THE TAX IMPOSED BY THIS ARTICLE 22 IN AN AMOUNT AS SET FORTH IN SUBSECTION (3)(b) OF THIS SECTION.

(b) (I) EXCEPT AS PROVIDED IN SUBSECTION (3)(b)(II) OF THIS SECTION, THE AMOUNT OF THE CREDIT EQUALS, FOR:

(A) EARLY CHILDHOOD PROFESSIONAL I EQUALS FIVE HUNDRED DOLLARS;

(B) EARLY CHILDHOOD PROFESSIONAL II EQUALS SEVEN HUNDRED FIFTY DOLLARS;

(C) EARLY CHILDHOOD PROFESSIONAL III EQUALS ONE THOUSAND DOLLARS; AND

(D) EARLY CHILDHOOD PROFESSIONAL IV, EARLY CHILDHOOD PROFESSIONAL V, AND EARLY CHILDHOOD PROFESSIONAL VI EQUALS FIVE HUNDRED DOLLARS.

(II) FOR THE INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2021, THE DEPARTMENT SHALL ADJUST THE CREDIT AMOUNTS SET FORTH IN SUBSECTION (3)(b)(I) OF THIS SECTION TO REFLECT INFLATION FOR EACH INCOME TAX YEAR IN WHICH THE CREDIT DESCRIBED IN THIS SECTION IS ALLOWED.

(c) EACH ELIGIBLE EARLY CHILDHOOD EDUCATOR IS ONLY ALLOWED ONE CREDIT PER INCOME TAX YEAR, EVEN IF THE ELIGIBLE EARLY CHILDHOOD EDUCATOR EARNS THE NEXT LEVEL EARLY CHILDHOOD PROFESSIONAL CREDENTIAL IN THE SAME YEAR.

(4) THE AMOUNT OF THE CREDIT UNDER THIS SECTION THAT EXCEEDS THE ELIGIBLE EARLY CHILDHOOD EDUCATOR'S INCOME TAXES DUE IS REFUNDED TO THE ELIGIBLE EARLY CHILDHOOD EDUCATOR.

(5) NO LATER THAN JANUARY 1, 2021, AND EACH JANUARY 1 THEREAFTER THROUGH JANUARY 1, 2025, THE DEPARTMENT OF HUMAN SERVICES SHALL PROVIDE THE DEPARTMENT OF REVENUE WITH AN ELECTRONIC REPORT OF EACH INDIVIDUAL WHO HELD AN EARLY CHILDHOOD PROFESSIONAL CREDENTIAL DURING THE PREVIOUS CALENDAR YEAR FOR WHICH THE CREDIT IS ALLOWED. THE REPORT MUST INCLUDE THE FOLLOWING INFORMATION, IF AVAILABLE:

(a) THE NAME OF THE INDIVIDUAL WHO HOLDS THE EARLY CHILDHOOD PROFESSIONAL CREDENTIAL;

(b) THE INDIVIDUAL'S SOCIAL SECURITY NUMBER OR TAX IDENTIFICATION NUMBER;

(c) THE LEVEL OF EARLY CHILDHOOD PROFESSIONAL CREDENTIAL HELD BY THE INDIVIDUAL; AND

(d) THE TIME PERIOD DURING WHICH THE INDIVIDUAL HELD THE EARLY CHILDHOOD PROFESSIONAL CREDENTIAL.

(6) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2029.

SECTION 2. Act subject to petition - effective date. (1) Except as provided in subsection (2) of section, this act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 2, 2019, if adjournment sine die is on May 3, 2019); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2020 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

(2) (a) This act takes effect only if, at the November 2019 statewide election, a majority of voters do not approve a referred measure that allows the state to increase the cigarette tax, increase the tobacco products tax, and to create a new tax on nicotine products and use a significant portion of the tax revenue for preschool programs and expanded learning opportunities.

(b) If the voters at the November 2019 statewide election do not approve a measure described in subsection (2)(a) of this section, then this act takes effect on the date of the official declaration of the vote thereon by the governor.

Approved: May 13, 2019