

**First Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 23-0683.01 Zach Blaes x4348

HOUSE BILL 23-1091

HOUSE SPONSORSHIP

Pugliese and Kipp,

SENATE SPONSORSHIP

Marchman and Rich,

House Committees

Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE INCOME TAX CREDIT FOR A QUALIFYING**
102 **CONTRIBUTION TO PROMOTE CHILD CARE IN THE STATE, AND, IN**
103 **CONNECTION THEREWITH, CONTINUING THE CREDIT FOR THREE**
104 **YEARS, EXPANDING THE TYPES OF CONTRIBUTIONS THAT**
105 **QUALIFY FOR THE CREDIT, AND MAKING AN APPROPRIATION.**

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://leg.colorado.gov>.)

A taxpayer who makes a monetary contribution to promote child care in the state is allowed an income tax credit that is equal to 50% of the

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

total value of the contribution. This exemption is currently available for income tax years that commence prior to January 1, 2025. The bill extends the credit for 3 years and increases the types of contributions that qualify for the tax credit to include in-kind donations of real property, which include the value of leasing real property below market value, to promote child care.

The bill adds a statutory legislative declaration to comply with an existing statutory requirement that any bill that extends a tax expenditure include a statutory legislative declaration. The bill also requires the state auditor to prepare the tax expenditure evaluation report for the credit that is periodically required by current law in the income tax year commencing January 1, 2026.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-22-121, **amend**
3 (1.5), (2), and (7); and **add** (6.8) as follows:

4 **39-22-121. Credit for child care facilities - legislative**
5 **declaration - definitions - repeal.** (1.5) For income tax years
6 commencing prior to ~~January 1, 2025~~ JANUARY 1, 2028, any taxpayer who
7 makes a monetary ■ contribution to promote child care in the state is
8 allowed a credit against the income tax imposed by this article 22 in an
9 amount equal to fifty percent of the total value of the contribution except
10 as otherwise provided in subsections (5) and (6.7) of this section. ■ ■

11 (2) Monetary ■ contributions to promote child care in the state
12 ~~must~~ include the following types of contributions:

13 (a) **Donating money** for the establishment or operation of a child
14 care facility that uses the donation to provide child care, a child care
15 program that is not a child care facility but provides child care services
16 similar to those provided by a child care center, as defined in sections
17 26-6-903 and 26.5-5-303, or any other program that received donations
18 for which a credit was allowed to the donor pursuant to this section for
19 any income tax year that ended before January 1, 2004, in the state;

1 (b) Donating money to establish a grant or loan program for a
2 parent or parents in the state requiring financial assistance for child care;

3 (c) Pooling money of several businesses and donating the
4 money for the establishment of a child care facility in the state;

5 (d) Donating money for the training of child care providers in the
6 state; and

7 (e) Donating money for the establishment of an information
8 dissemination program in the state to provide information and referral
9 services to assist a parent or parents in obtaining child care.

10 (6.8) (a) IN ACCORDANCE WITH SECTION 39-21-304 (1), WHICH
11 REQUIRES EACH BILL THAT EXTENDS A TAX EXPENDITURE TO INCLUDE A
12 TAX PREFERENCE PERFORMANCE STATEMENT AS PART OF A STATUTORY
13 LEGISLATIVE DECLARATION IF ONE WAS NOT PREVIOUSLY INCLUDED IN THE
14 TAX EXPENDITURE, THE GENERAL ASSEMBLY FINDS AND DECLARES THAT
15 THE GENERAL PURPOSE OF THIS TAX EXPENDITURE IS INTENDED TO INDUCE
16 CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS. SPECIFICALLY, THIS TAX
17 EXPENDITURE IS INTENDED TO ENCOURAGE TAXPAYERS TO MAKE
18 DONATIONS THAT PROMOTE CHILD CARE.

19 (b) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL
20 MEASURE THE EFFECTIVENESS OF THE TAX CREDIT IN ACHIEVING THE
21 PURPOSES SPECIFIED IN SUBSECTION (6.8)(a) OF THIS SECTION BASED ON
22 THE NUMBER AND VALUE OF CREDITS THAT ARE CLAIMED. FOR INCOME
23 TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2024, IN ORDER TO
24 ALLOW THE GENERAL ASSEMBLY AND THE STATE AUDITOR TO MEASURE
25 THE EFFECTIVENESS OF THE CREDIT, THE DEPARTMENT OF REVENUE, WHEN
26 ADMINISTERING THE CREDIT, SHALL COLLECT, AT A MINIMUM, THE
27 FOLLOWING INFORMATION ABOUT THE TAXPAYER'S CONTRIBUTION TO

- 1 PROMOTE CHILD CARE:
- 2 (I) THE CONTRIBUTION AMOUNT;
- 3 (II) THE PERSON TO WHOM THE TAXPAYER MADE THE
4 CONTRIBUTION;
- 5 (III) THE TYPE OF CONTRIBUTION MADE PURSUANT TO SUBSECTION
6 (2) OF THIS SECTION;
- 7 (IV) THE TYPE OF CHILD CARE FACILITY AND PROGRAMS TO WHICH
8 THE TAXPAYER MADE THE CONTRIBUTION; AND
- 9 (V) THE COUNTY IN WHICH THE PERSON RECEIVING THE DONATION
10 IS LOCATED.

11 (c) THE DEPARTMENT OF REVENUE SHALL CONSULT WITH THE
12 EARLY CHILDHOOD LEADERSHIP COMMISSION CREATED IN SECTION
13 26.5-1-302, THE PUBLIC-PRIVATE COLLABORATION UNIT IN THE
14 DEPARTMENT OF PERSONNEL CREATED IN SECTION 24-94-103 (2), AND THE
15 DEPARTMENT OF EARLY CHILDHOOD CREATED IN SECTION 26.5-1-104 (1)
16 TO STUDY POSSIBLE IMPROVEMENT TO THE TAX CREDIT ALLOWED
17 PURSUANT TO THIS SECTION AND TO DEVELOP RECOMMENDATIONS FOR
18 FURTHER MEASURING THE EFFECTIVENESS OF THE TAX CREDIT. ON OR
19 BEFORE JULY 31, 2024, THE DEPARTMENT OF REVENUE SHALL DELIVER TO
20 THE JOINT BUDGET COMMITTEE, THE FINANCE COMMITTEES OF THE SENATE
21 AND THE HOUSE OF REPRESENTATIVES, AND THE OFFICE OF THE STATE
22 AUDITOR THE RECOMMENDATIONS DEVELOPED PURSUANT TO THIS
23 SUBSECTION (6.8)(c). IN ADDITION TO RECOMMENDATIONS FOR FURTHER
24 MEASURING THE EFFECTIVENESS OF THE TAX CREDIT, THE
25 RECOMMENDATIONS MUST INCLUDE RECOMMENDATIONS FOR:

- 26 (I) IMPROVING THE STRUCTURE, OVERSIGHT, AND ADMINISTRATION
27 OF THE TAX CREDIT;

1 (II) DEVELOPING MECHANISMS TO INFORM TAXPAYERS AND
2 ELIGIBLE CHILD CARE FACILITIES AND PROGRAMS ABOUT THE
3 AVAILABILITY OF THE TAX CREDIT;

4 (III) ENSURING THE TAX CREDIT IS EQUITABLY PROMOTING CHILD
5 CARE IN ALL COMMUNITIES; AND

6 (IV) ALLOWING DONATIONS OF IN-KIND REAL PROPERTY TO
7 QUALIFY AS AN ELIGIBLE CONTRIBUTION TO PROMOTE CHILD CARE.

8 (d) IN THE INCOME TAX YEAR COMMENCING JANUARY 1, 2026, THE
9 STATE AUDITOR SHALL PREPARE A TAX EXPENDITURE EVALUATION REPORT
10 PURSUANT TO SECTION 39-21-305 FOR THE TAX CREDIT SPECIFIED IN THIS
11 SECTION. IN ACCORDANCE WITH SECTION 39-21-305 (1)(e), THE STATE
12 AUDITOR SHALL POST THE REPORT ON THE GENERAL ASSEMBLY'S WEBSITE
13 AND DELIVER THE REPORT TO THE JOINT BUDGET COMMITTEE AND THE
14 FINANCE COMMITTEES OF THE SENATE AND THE HOUSE OF
15 REPRESENTATIVES NO LATER THAN SEPTEMBER 15, 2026.

16 (7) This section is repealed, effective ~~January 1, 2032~~ JANUARY
17 1, 2035.

18 **SECTION 2. Appropriation.** (1) For the 2023-24 state fiscal
19 year, \$78,254 is appropriated to the department of revenue. This
20 appropriation is from the general fund. To implement this act, the
21 department may use this appropriation as follows:

22 (a) \$39,053 for use by taxation services for personal services,
23 which amount is based on an assumption that the division will require an
24 additional 0.5 FTE;

25 (b) \$7,345 for use by taxation services for operating expenses;

26 (c) \$20,975 for tax administration IT system (GenTax) support;

27 and

1 (d) \$10,881 for the purchase of document management services.

2 (2) For the 2023-24 state fiscal year, \$10,881 is appropriated to the
3 department of personnel. This appropriation is from reappropriated funds
4 received from the department of revenue under subsection (1)(d) of this
5 section. To implement this act, the department of personnel may use this
6 appropriation to provide document management services for the
7 department of revenue.

8 **SECTION 3. Act subject to petition - effective date.** This act
9 takes effect at 12:01 a.m. on the day following the expiration of the
10 ninety-day period after final adjournment of the general assembly; except
11 that, if a referendum petition is filed pursuant to section 1 (3) of article V
12 of the state constitution against this act or an item, section, or part of this
13 act within such period, then the act, item, section, or part will not take
14 effect unless approved by the people at the general election to be held in
15 November 2024 and, in such case, will take effect on the date of the
16 official declaration of the vote thereon by the governor.