HB23-1128: Income Tax Credits and Deductions Married Taxpayers

If this bill passes, married individuals who file a joint income tax return will have a more equitable tax code, fixing a tax code that penalizes marriage for certain filers, among them married families with low-incomes who depend on the child-care tax credit.

Background:

Child care expense tax credit: Taxpayers with an annual income of up to $60,000 for both single and joint filers can receive a state income tax credit worth 50 percent of their federal child and dependent care tax credit for child care expenses.

Low-income child care expense tax credit: The low-income child care expense tax credit is available to taxpayers with annual incomes up to $25,000 for both single and joint filers. The amount of the credit is 25 percent of child care expenses, up to $500 for one child and $1,000 for two or more children. The low-income child care expense tax credit is only available to taxpayers who are ineligible for the child care expense credit.

Wildfire measures mitigation tax deduction: The Colorado wildfire measures mitigation tax deduction is available through tax year 2025 to taxpayers for certain costs incurred in performing wildfire mitigation measures on their property in a wildland-urban interface area within Colorado. The deduction is equal to 50 percent of qualifying costs, up to a total subtraction of $2,500 per taxpayers, regardless of filing status.

What the bill does:

- Raises the qualifying maximum income threshold for the child care expense tax credit from $60,000 to $120,000
- Raises the qualifying maximum income threshold for the low-income child care expense tax credit from $25,000 to $50,000
- Increases the maximum amount of the wildfire mitigation measures tax deduction from $2,500 to $5,000.

By increasing income thresholds and deduction amounts for married individuals who file a joint income tax return, the bill seeks to level the playing field for married individuals.

Vote YES on HB23-1128