

First Regular Session
Seventy-second General Assembly
STATE OF COLORADO

DRAFT
9.11.18

BILL 8

LLS NO. 19-0200.02 Esther van Mourik x4215

INTERIM COMMITTEE BILL

Early Childhood and School Readiness Legislative Commission

BILL TOPIC: "Income Tax Credit For Early Childhood Educators"

A BILL FOR AN ACT

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

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/>.)

Early Childhood and School Readiness Legislative Commission. The bill provides an income tax credit to eligible early childhood educators who hold an early childhood professional credential and who, for at least 6 months of the taxable year, are either the head of a family child care home or are employed with an eligible early childhood education program or a family child care home. The bill specifies that an

*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

early childhood education program must have achieved at least a level 2 quality rating under the Colorado shines quality rating and improvement system and either has fiscal agreements with the Colorado child care assistance program or is a program that meets the federal early head start or head start standards. The amount of the credit is dependent on the eligible early childhood educator's credentialing level and is annually adjusted for inflation.

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

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

4 **39-22-542. Early childhood educator income tax credit -**
5 **legislative declaration - definitions - repeal.** (1) THE GENERAL
6 ASSEMBLY FINDS AND DECLARES THAT:

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

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

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

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

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

21 (b) "EARLY CHILDHOOD PROFESSIONAL CREDENTIAL" MEANS THE
22 EARLY CHILDHOOD PROFESSIONAL CREDENTIALS ISSUED BY THE

1 DEPARTMENT OF EDUCATION AND DESIGNATED AS EARLY CHILDHOOD
2 PROFESSIONAL I, EARLY CHILDHOOD PROFESSIONAL II, EARLY CHILDHOOD
3 PROFESSIONAL III, EARLY CHILDHOOD PROFESSIONAL IV, EARLY
4 CHILDHOOD PROFESSIONAL V, AND EARLY CHILDHOOD PROFESSIONAL VI.

5 (c) "ELIGIBLE EARLY CHILDHOOD EDUCATOR" MEANS AN
6 INDIVIDUAL WHO HOLDS AN EARLY CHILDHOOD PROFESSIONAL
7 CREDENTIAL AND, FOR AT LEAST SIX MONTHS OF THE TAXABLE YEAR, IS
8 EITHER THE HEAD OF A FAMILY CHILD CARE HOME OR EMPLOYED WITH AN
9 ELIGIBLE PROGRAM OR A FAMILY CHILD CARE HOME.

10 (d) "ELIGIBLE PROGRAM" MEANS AN EARLY CHILDHOOD
11 EDUCATION PROGRAM AS DEFINED IN SECTION 26-6.5-101.5 (6.5) THAT
12 HAS ACHIEVED AT LEAST A LEVEL TWO QUALITY RATING PURSUANT TO THE
13 COLORADO SHINES QUALITY RATING AND IMPROVEMENT SYSTEM
14 ESTABLISHED IN SECTION 26-6.5-106 AND EITHER HAS FISCAL
15 AGREEMENTS WITH THE CHILD CARE ASSISTANCE PROGRAM, OR CCCAP,
16 ESTABLISHED IN PART 8 OF ARTICLE 2 OF TITLE 26 OR IS AN EARLY HEAD
17 START OR HEAD START PROGRAM THAT MEETS FEDERAL STANDARDS.

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

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

25 (3) (a) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
26 JANUARY 1, 2019, BUT BEFORE JANUARY 1, 2024, AN ELIGIBLE EARLY
27 CHILDHOOD EDUCATOR IS ALLOWED A CREDIT AGAINST THE TAX IMPOSED

1 BY THIS ARTICLE 22 IN AN AMOUNT AS SET FORTH IN SUBSECTION (3)(b) OF
2 THIS SECTION.

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

5 (A) EARLY CHILDHOOD PROFESSIONAL I, FIVE HUNDRED DOLLARS;

6 (B) EARLY CHILDHOOD PROFESSIONAL II, ONE THOUSAND
7 DOLLARS;

8 (C) EARLY CHILDHOOD PROFESSIONAL III, ONE THOUSAND FIVE
9 HUNDRED DOLLARS;

10 (D) EARLY CHILDHOOD PROFESSIONAL IV, TWO THOUSAND
11 DOLLARS;

12 (E) EARLY CHILDHOOD PROFESSIONAL V, TWO THOUSAND FIVE
13 HUNDRED DOLLARS; AND

14 (F) EARLY CHILDHOOD PROFESSIONAL VI, THREE THOUSAND
15 DOLLARS.

16 (II) FOR THE INCOME TAX YEARS COMMENCING ON OR AFTER
17 JANUARY 1, 2020, THE DEPARTMENT SHALL ADJUST THE CREDIT AMOUNTS
18 SET FORTH IN SUBSECTION (3)(b)(I) OF THIS SECTION TO REFLECT
19 INFLATION FOR EACH INCOME TAX YEAR IN WHICH THE CREDIT DESCRIBED
20 IN THIS SECTION IS ALLOWED.

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

24 (5) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2028.

25 **SECTION 2. Act subject to petition - effective date.** This act
26 takes effect at 12:01 a.m. on the day following the expiration of the
27 ninety-day period after final adjournment of the general assembly (August

1 2, 2019, if adjournment sine die is on May 3, 2019); except that, if a
2 referendum petition is filed pursuant to section 1 (3) of article V of the
3 state constitution against this act or an item, section, or part of this act
4 within such period, then the act, item, section, or part will not take effect
5 unless approved by the people at the general election to be held in
6 November 2020 and, in such case, will take effect on the date of the
7 official declaration of the vote thereon by the governor.