

CHAPTER 219

TAXATION

HOUSE BILL 96-1121

BY REPRESENTATIVES Berry, Kreutz, Lawrence, Foster, Armstrong, Clarke, Dean, Friednash, Grampas, Hagedorn, Keller, Knox, Martin, Nichol, Reeser, Reeves, Schwarz, Snyder, and Sullivan;
also SENATORS Norton, Ament, Bishop, Coffman, Hernandez, Hopper, Johnson, Linkhart, Martinez, Matsunaka, Meiklejohn, Pascoe, Perlmutter, L. Powers, R. Powers, Rupert, Schaffer, Tanner, Tebedo, Wattenberg, and Weissmann.

AN ACT

CONCERNING A CHANGE IN STATE INCOME TAX POLICY TO ASSIST INDIVIDUALS WITH CHILD CARE EXPENSES.

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

SECTION 1. Part 1 of article 22 of title 39, Colorado Revised Statutes, 1994 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW SECTION to read:

39-22-119. Child care expenses - credit against state tax. (1) (a) FOR INCOME TAX YEARS BEGINNING ON AND AFTER JANUARY 1, 1996, IF A RESIDENT INDIVIDUAL CLAIMS A CREDIT FOR CHILD CARE EXPENSES ON THE INDIVIDUAL'S FEDERAL TAX RETURN, THE INDIVIDUAL SHALL BE ALLOWED A CHILD CARE EXPENSES CREDIT AGAINST THE INCOME TAXES DUE ON THE INDIVIDUAL'S INCOME UNDER THIS ARTICLE CALCULATED AS FOLLOWS:

(I) IF THE RESIDENT INDIVIDUAL'S FEDERAL ADJUSTED GROSS INCOME IS TWENTY-FIVE THOUSAND DOLLARS OR LESS, THE CREDIT SHALL BE IN AN AMOUNT EQUAL TO FIFTY PERCENT OF THE CREDIT FOR CHILD CARE EXPENSES CLAIMED ON THE RESIDENT INDIVIDUAL'S FEDERAL TAX RETURN.

(II) IF THE RESIDENT INDIVIDUAL'S FEDERAL ADJUSTED GROSS INCOME IS BETWEEN TWENTY-FIVE THOUSAND ONE DOLLARS AND THIRTY-FIVE THOUSAND DOLLARS, THE CREDIT SHALL BE IN AN AMOUNT EQUAL TO THIRTY PERCENT OF THE CREDIT FOR CHILD CARE EXPENSES CLAIMED ON THE RESIDENT INDIVIDUAL'S FEDERAL TAX RETURN.

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

(III) IF THE RESIDENT INDIVIDUAL'S FEDERAL ADJUSTED GROSS INCOME IS BETWEEN THIRTY-FIVE THOUSAND ONE DOLLARS AND SIXTY THOUSAND DOLLARS, THE CREDIT SHALL BE IN AN AMOUNT EQUAL TO TEN PERCENT OF THE CREDIT FOR CHILD CARE EXPENSES CLAIMED ON THE RESIDENT INDIVIDUAL'S FEDERAL TAX RETURN.

(b) IF THE RESIDENT INDIVIDUAL'S FEDERAL ADJUSTED GROSS INCOME IS SIXTY THOUSAND ONE DOLLARS OR MORE, THE RESIDENT INDIVIDUAL SHALL NOT BE ALLOWED A CREDIT UNDER THIS SUBSECTION (1).

(2) IF THE CREDIT ALLOWED UNDER SUBSECTION (1) OF THIS SECTION EXCEEDS THE INCOME TAXES DUE ON THE RESIDENT INDIVIDUAL'S INCOME, THE AMOUNT OF THE CREDIT NOT USED AS AN OFFSET AGAINST INCOME TAXES MAY BE CARRIED FORWARD AS A TAX CREDIT AGAINST THE RESIDENT INDIVIDUAL'S SUBSEQUENT YEARS' INCOME TAX LIABILITY FOR A PERIOD NOT EXCEEDING FIVE YEARS AND SHALL BE APPLIED FIRST TO THE EARLIEST YEARS POSSIBLE.

(3) THE CHILD CARE EXPENSES CREDIT ALLOWED UNDER SUBSECTION (1) OF THIS SECTION SHALL NOT BE ALLOWED TO A RESIDENT INDIVIDUAL WHO IS RECEIVING CHILD CARE ASSISTANCE FROM THE STATE DEPARTMENT OF HUMAN SERVICES EXCEPT TO THE EXTENT OF THE TAXPAYER'S UNREIMBURSED OUT-OF-POCKET EXPENSES THAT RESULT IN A FEDERAL CREDIT FOR CHILD CARE EXPENSE.

(4) IN THE CASE OF A RESIDENT FOR PART OF A TAX YEAR, THE CREDIT ALLOWED BY THIS SECTION SHALL BE APPORTIONED IN THE RATIO DETERMINED UNDER SECTION 39-22-110 (1).

SECTION 2. No appropriation. The general assembly has determined that this act can be implemented within existing appropriations, and therefore no separate appropriation of state moneys is necessary to carry out the purposes of this act.

SECTION 3. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: May 30, 1996