

## CHAPTER 184

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**TAXATION**

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**HOUSE BILL 26-1004**

BY REPRESENTATIVE(S) McCluskie and Caldwell, Boesenecker, Bradfield, Camacho, Clifford, Gilchrist, Lindsay, Lukens, Martinez, McCormick, Stewart K., Stewart R., Titone, Velasco, Zokaie, Bacon, Brown, Carter, Duran, Froelich, Gonzalez R., Hamrick, Jackson, Lieder, Mauro, Nguyen, Paschal, Rutinel, Rydin, Sirota, Smith, Story;  
also SENATOR(S) Coleman and Simpson, Bright, Jodeh, Kipp, Marchman, Pelton B., Pelton R., Amabile, Ball, Benavidez, Bridges, Cutter, Daugherty, Exum, Gonzales J., Kolker, Lindstedt, Mullica, Roberts, Snyder, Sullivan, Wallace, Weissman.

**AN ACT****CONCERNING A CONTINUATION OF THE INCOME TAX CREDIT FOR A QUALIFYING CONTRIBUTION TO PROMOTE CHILD CARE IN THE STATE.**

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

**SECTION 1. Legislative declaration.** (1) The general assembly finds and declares that:

(a) A robust child care and education ecosystem is critical for Colorado's economy and the health and well-being of Colorado's children;

(b) The child care contribution tax credit has been an essential source of funding for child care facilities throughout Colorado since 1998, allowing individuals and corporations who make charitable contributions to child care facilities to receive 50% of their donations back in tax credits;

(c) In 2022, the child care contribution tax credit benefitted approximately 18,000 Coloradans, who received additional revenue on their tax returns and generated \$60 million for child care providers;

(d) Throughout Colorado, child care providers use the child care contribution tax credit to open new child care centers in child care deserts, enroll families with low incomes who would otherwise be unable to access care, and recruit and retain staff;

(e) The child care contribution tax credit supports the Colorado economy by empowering local businesses and supporting salaries for child care providers; and

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*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.*

(f) In the face of uncertain federal support and a challenging state budget environment, renewing the child care contribution tax credit for 10 years is critical to support Colorado child care and after-school providers, families, and local economies.

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

**39-22-121. Credit for child care facilities - legislative declaration - definitions - repeal.**

(1.5) For income tax years commencing prior to ~~January 1, 2028~~ JANUARY 1, 2038, any taxpayer who makes a monetary contribution to promote child care in the state is allowed a credit against the income tax imposed by this article 22 in an amount equal to fifty percent of the total value of the contribution, except as otherwise provided in subsections (5) and (6.7) of this section.

(6.8) (a) In accordance with section 39-21-304 (1), which requires each bill that extends a tax expenditure to ~~include a~~ AMEND THE tax preference performance statement as THAT IS part of a THE statutory legislative declaration ~~if one was not previously included in~~ OF the tax expenditure, the general assembly finds and declares that the general purpose of this tax expenditure is ~~intended~~ to induce certain designated behavior by taxpayers ~~Specifically~~; AND THAT this tax expenditure is SPECIFICALLY intended to encourage taxpayers to make donations that promote child care IN THE STATE.

(c) ~~The department of revenue shall consult with the early childhood leadership commission created in section 26.5-1-302, the public-private collaboration unit in the department of personnel created in section 24-94-103 (2), and the department of early childhood created in section 26.5-1-104 (1) to study possible improvement to the tax credit allowed pursuant to this section and to develop recommendations for further measuring the effectiveness of the tax credit. On or before July 31, 2024, the department of revenue shall deliver to the joint budget committee, the finance committees of the senate and the house of representatives, and the office of the state auditor the recommendations developed pursuant to this subsection (6.8)(c). In addition to recommendations for further measuring the effectiveness of the tax credit, the recommendations must include recommendations for:~~

~~(I) Improving the structure, oversight, and administration of the tax credit;~~

~~(II) Developing mechanisms to inform taxpayers and eligible child care facilities and programs about the availability of the tax credit;~~

~~(III) Ensuring the tax credit is equitably promoting child care in all communities; and~~

~~(IV) Allowing donations of in-kind real property to qualify as an eligible contribution to promote child care.~~

(7) This section is repealed, effective ~~January 1, 2035~~ JANUARY 1, 2045.

**SECTION 3. Act subject to petition - effective date.** 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 12, 2026, if adjournment sine die is on May 13, 2026); 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 2026 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Approved: May 28, 2026