

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

REREVISED

*This Version Includes All Amendments
Adopted in the Second House*

LLS NO. 19-0504.02 Esther van Mourik x4215

HOUSE BILL 19-1005

HOUSE SPONSORSHIP

Buckner and Wilson, Arndt, Bird, Caraveo, Coleman, Cutter, Duran, Esgar, Froelich, Galindo, Gonzales-Gutierrez, Gray, Hansen, Herod, Hooton, Jackson, Jaquez Lewis, Kipp, Lontine, McCluskie, McLachlan, Melton, Michaelson Jenet, Mullica, Roberts, Sirota, Snyder, Titone, Valdez A., Valdez D.

SENATE SPONSORSHIP

Todd and Priola, Bridges, Donovan, Fenberg, Fields, Foote, Gonzales, Pettersen, Rankin, Story, Winter

House Committees

Education
Finance
Appropriations

Senate Committees

Finance
Appropriations

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>.)

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 early childhood education program must have achieved at least a level 2

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

SENATE
3rd Reading Unamended
May 3, 2019

SENATE
2nd Reading Unamended
May 2, 2019

HOUSE
3rd Reading Unamended
April 27, 2019

HOUSE
Amended 2nd Reading
April 26, 2019

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 WITH A FEDERAL ADJUSTED GROSS INCOME LESS THAN OR
7 EQUAL TO SEVENTY-FIVE THOUSAND DOLLARS FOR AN INDIVIDUAL FILING
8 A SINGLE RETURN, OR WITH A FEDERAL ADJUSTED GROSS INCOME LESS
9 THAN OR EQUAL TO EIGHTY-FIVE THOUSAND DOLLARS FOR AN INDIVIDUAL
10 FILING A JOINT RETURN, WHO, FOR AT LEAST SIX MONTHS OF THE INCOME
11 TAX YEAR FOR WHICH THE CREDIT IS CLAIMED, HOLDS AN EARLY
12 CHILDHOOD PROFESSIONAL CREDENTIAL AND IS EITHER THE LICENSEE OF
13 AN ELIGIBLE PROGRAM OR EMPLOYED BY AN ELIGIBLE PROGRAM.

14 (d) "ELIGIBLE PROGRAM" MEANS EITHER AN EARLY CHILDHOOD
15 EDUCATION PROGRAM AS DEFINED IN SECTION 26-6.5-101.5 (6.5), OR A
16 LICENSED FAMILY CHILD CARE HOME. AN ELIGIBLE PROGRAM MUST:

17 (I) HAVE HELD AT LEAST A LEVEL TWO QUALITY RATING PURSUANT
18 TO THE COLORADO SHINES QUALITY RATING AND IMPROVEMENT SYSTEM
19 ESTABLISHED IN SECTION 26-6.5-106 FOR THE INCOME TAX YEAR FOR
20 WHICH THE CREDIT IS CLAIMED; AND

21 (II) FOR THE INCOME TAX YEAR FOR WHICH THE CREDIT IS
22 CLAIMED, EITHER:

23 (A) HAVE FISCAL AGREEMENTS WITH THE CHILD CARE ASSISTANCE
24 PROGRAM, OR CCCAP, ESTABLISHED IN PART 8 OF ARTICLE 2 OF TITLE 26;
25 OR

26 (B) BE AN EARLY HEAD START OR HEAD START PROGRAM THAT
27 MEETS FEDERAL STANDARDS.

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

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

8 (3) (a) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
9 JANUARY 1, 2020, BUT BEFORE JANUARY 1, 2025, AN ELIGIBLE EARLY
10 CHILDHOOD EDUCATOR IS ALLOWED A CREDIT AGAINST THE TAX IMPOSED
11 BY THIS ARTICLE 22 IN AN AMOUNT AS SET FORTH IN SUBSECTION (3)(b) OF
12 THIS SECTION.

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

15 (A) EARLY CHILDHOOD PROFESSIONAL I EQUALS FIVE HUNDRED
16 DOLLARS;

17 (B) EARLY CHILDHOOD PROFESSIONAL II EQUALS SEVEN HUNDRED
18 FIFTY DOLLARS; ■

19 (C) EARLY CHILDHOOD PROFESSIONAL III EQUALS ONE THOUSAND
20 DOLLARS; AND

21 (D) EARLY CHILDHOOD PROFESSIONAL IV, EARLY CHILDHOOD
22 PROFESSIONAL V, AND EARLY CHILDHOOD PROFESSIONAL VI EQUALS FIVE
23 HUNDRED DOLLARS.

24 (II) FOR THE INCOME TAX YEARS COMMENCING ON OR AFTER
25 JANUARY 1, 2021, THE DEPARTMENT SHALL ADJUST THE CREDIT AMOUNTS
26 SET FORTH IN SUBSECTION (3)(b)(I) OF THIS SECTION TO REFLECT
27 INFLATION FOR EACH INCOME TAX YEAR IN WHICH THE CREDIT DESCRIBED

1 IN THIS SECTION IS ALLOWED.

2 (c) EACH ELIGIBLE EARLY CHILDHOOD EDUCATOR IS ONLY
3 ALLOWED ONE CREDIT PER INCOME TAX YEAR, EVEN IF THE ELIGIBLE
4 EARLY CHILDHOOD EDUCATOR EARNS THE NEXT LEVEL EARLY CHILDHOOD
5 PROFESSIONAL CREDENTIAL IN THE SAME YEAR.

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

9 (5) NO LATER THAN JANUARY 1, 2021, AND EACH JANUARY 1
10 THEREAFTER THROUGH JANUARY 1, 2025, THE DEPARTMENT OF HUMAN
11 SERVICES SHALL PROVIDE THE DEPARTMENT OF REVENUE WITH AN
12 ELECTRONIC REPORT OF EACH INDIVIDUAL WHO HELD AN EARLY
13 CHILDHOOD PROFESSIONAL CREDENTIAL DURING THE PREVIOUS CALENDAR
14 YEAR FOR WHICH THE CREDIT IS ALLOWED. THE REPORT MUST INCLUDE
15 THE FOLLOWING INFORMATION, IF AVAILABLE:

16 (a) THE NAME OF THE INDIVIDUAL WHO HOLDS THE EARLY
17 CHILDHOOD PROFESSIONAL CREDENTIAL;

18 (b) THE INDIVIDUAL'S SOCIAL SECURITY NUMBER OR TAX
19 IDENTIFICATION NUMBER;

20 (c) THE LEVEL OF EARLY CHILDHOOD PROFESSIONAL CREDENTIAL
21 HELD BY THE INDIVIDUAL; AND

22 (d) THE TIME PERIOD DURING WHICH THE INDIVIDUAL HELD THE
23 EARLY CHILDHOOD PROFESSIONAL CREDENTIAL.

24 (6) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2029.

25 **SECTION 2. Act subject to petition - effective date.** (1) Except
26 as provided in subsection (2) of section, this act takes effect at 12:01 a.m.
27 on the day following the expiration of the ninety-day period after final

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

9 (2) (a) This act takes effect only if, at the November 2019
10 statewide election, a majority of voters do not approve a referred measure
11 that allows the state to increase the cigarette tax, increase the tobacco
12 products tax, and to create a new tax on nicotine products and use a
13 significant portion of the tax revenue for preschool programs and
14 expanded learning opportunities.

15 (b) If the voters at the November 2019 statewide election do not
16 approve a measure described in subsection (2)(a) of this section, then this
17 act takes effect on the date of the official declaration of the vote thereon
18 by the governor.