A BILL FOR AN ACT

CONCERNING AN INCOME TAX CREDIT FOR CERTAIN EARLY 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
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.

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

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

39-22-542. Early childhood educator income tax credit - legislative declaration - definitions - repeal. (1) The General Assembly finds and declares that:

(a) The benefits of quality child care and early childhood education are well documented and a striking connection exists between children's learning experiences well before kindergarten and their later school success;

(b) Small business owners and parents who rely on child care to work would also experience lower turnover in child care staff when early childhood educators experience better economic stability; and

(c) The intended purpose of this tax expenditure is to encourage early childhood educators to improve their skills to better support the development of our young children.

(2) As used in this section, unless the context otherwise requires:

(a) "Department" means the Department of Revenue.

(b) "Early childhood professional credential" means the early childhood professional credentials issued by the
DEPARTMENT OF EDUCATION AND DESIGNATED AS EARLY CHILDHOOD
PROFESSIONAL I, EARLY CHILDHOOD PROFESSIONAL II, EARLY CHILDHOOD
PROFESSIONAL III, EARLY CHILDHOOD PROFESSIONAL IV, EARLY
CHILDHOOD PROFESSIONAL V, AND EARLY CHILDHOOD PROFESSIONAL VI.

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

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

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

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

(3) (a) FOR INCOME TAX YEARS COMMENCING ON OR AFTER
JANUARY 1, 2019, BUT BEFORE JANUARY 1, 2024, AN ELIGIBLE EARLY
CHILDHOOD EDUCATOR IS ALLOWED A CREDIT AGAINST THE TAX IMPOSED
BY THIS ARTICLE 22 IN AN AMOUNT AS SET FORTH IN SUBSECTION (3)(b) OF THIS SECTION.

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

(A) EARLY CHILDHOOD PROFESSIONAL I EQUALS ONE THOUSAND DOLLARS;

(B) EARLY CHILDHOOD PROFESSIONAL II EQUALS ONE THOUSAND FIVE HUNDRED DOLLARS; AND

(C) EARLY CHILDHOOD PROFESSIONAL III, EARLY CHILDHOOD PROFESSIONAL IV, EARLY CHILDHOOD PROFESSIONAL V, AND EARLY CHILDHOOD PROFESSIONAL VI EQUALS TWO THOUSAND DOLLARS.

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

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

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

SECTION 2. 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 2, 2019, if adjournment sine die is on May 3, 2019); 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 2020 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.