

**Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO
CORRECTED INTRODUCED**

LLS NO. 26-0459.01 Rebecca Bayetti x4348

HOUSE BILL 26-1004

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A BILL FOR AN ACT

101 **CONCERNING A CONTINUATION OF THE INCOME TAX CREDIT FOR A**
102 **QUALIFYING CONTRIBUTION TO PROMOTE CHILD CARE IN THE**
103 **STATE.**

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>.)

Under current law, for income tax years commencing prior to January 1, 2028, a taxpayer who makes a qualifying monetary contribution to promote child care in the state is allowed an income tax credit that is equal to 50% of the total value of the contribution, not to exceed \$100,000. The bill extends this tax credit for 10 years.

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

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

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

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

6 (b) The child care contribution tax credit has been an essential
7 source of funding for child care facilities throughout Colorado since
8 1998, allowing individuals and corporations who make charitable
9 contributions to child care facilities to receive 50% of their donations
10 back in tax credits;

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

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

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

21 (f) In the face of uncertain federal support and a challenging state
22 budget environment, renewing the child care contribution tax credit for
23 10 years is critical to support Colorado child care and after-school
24 providers, families, and local economies.

25 **SECTION 2.** In Colorado Revised Statutes, 39-22-121, **amend**
26 (1.5), (6.8)(a), and (7); and **repeal** (6.8)(c) as follows:

1 **39-22-121. Credit for child care facilities - legislative**
2 **declaration - definitions - repeal.**

3 (1.5) For income tax years commencing prior to ~~January 1, 2028~~
4 JANUARY 1, 2038, any taxpayer who makes a monetary contribution to
5 promote child care in the state is allowed a credit against the income tax
6 imposed by this article 22 in an amount equal to fifty percent of the total
7 value of the contribution, except as otherwise provided in subsections (5)
8 and (6.7) of this section.

9 (6.8)(a) In accordance with section 39-21-304 (1), which requires
10 each bill that extends a tax expenditure to ~~include a~~ AMEND THE tax
11 preference performance statement ~~as~~ THAT IS part of ~~a~~ THE statutory
12 legislative declaration if ~~one was not previously included in~~ OF the tax
13 expenditure, the general assembly finds and declares that the general
14 purpose of this tax expenditure is ~~intended~~ to induce certain designated
15 behavior by taxpayers ~~Specifically~~, AND THAT this tax expenditure is
16 SPECIFICALLY intended to encourage taxpayers to make donations that
17 promote child care IN THE STATE.

18 (c) ~~The department of revenue shall consult with the early~~
19 ~~childhood leadership commission created in section 26.5-1-302, the~~
20 ~~public-private collaboration unit in the department of personnel created~~
21 ~~in section 24-94-103 (2), and the department of early childhood created~~
22 ~~in section 26.5-1-104 (1) to study possible improvement to the tax credit~~
23 ~~allowed pursuant to this section and to develop recommendations for~~
24 ~~further measuring the effectiveness of the tax credit. On or before July 31,~~
25 ~~2024, the department of revenue shall deliver to the joint budget~~
26 ~~committee, the finance committees of the senate and the house of~~
27 ~~representatives, and the office of the state auditor the recommendations~~

1 developed pursuant to this subsection (6.8)(c). In addition to
2 recommendations for further measuring the effectiveness of the tax credit,
3 the recommendations must include recommendations for:

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

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

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

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

12 (7) This section is repealed, effective ~~January 1, 2035~~ JANUARY
13 1, 2045.

14 **SECTION 3. Act subject to petition - effective date.** This act
15 takes effect at 12:01 a.m. on the day following the expiration of the
16 ninety-day period after final adjournment of the general assembly (August
17 12, 2026, if adjournment sine die is on May 13, 2026); except that, if a
18 referendum petition is filed pursuant to section 1 (3) of article V of the
19 state constitution against this act or an item, section, or part of this act
20 within such period, then the act, item, section, or part will not take effect
21 unless approved by the people at the general election to be held in
22 November 2026 and, in such case, will take effect on the date of the
23 official declaration of the vote thereon by the governor.