

Colorado's Child-Related Tax Credits

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2019 Legislative Session Bills

Child Tax Credit: *Tax credit for families with children 5 and under*

A refundable income tax credit based on the federal Child Tax Credit that is available to families with children 5 and under. It was created in 2013 by SB 13-001 but has never been funded because the trigger had not been met.

Under current law, the credit is equal to:

Single		Joint	
Income	Percent of federal credit	Income	Percent of federal credit
\$0 - \$25,000	30%	\$0 - \$35,000	30%
\$25,000 - \$50,000	15%	\$35,000 - \$60,000	15%
\$50,000 - \$75,000	5%	\$60,000 - \$85,000	5%

- **2019 Action (HB 19-1164):** Utilize online sales tax revenue being collected following the Supreme Court *Wayfair* decision to start the Child Tax Credit in Colorado that is already in statute. Bill failed to pass due to fiscal note.

Early Childhood Educator Tax Credit: *Tax credit for early childhood educators working in a school, preschool, child care center, or family child care home*

A refundable tax credit for early childhood educators who work in a school, child care facility or licensed family child care home which serves children who qualify for assistance to access early childhood education. Credit amount is based on the qualifications and professional development of the teacher.

- **2019 Action (HB 19-1005):** As identified in CDHE's Teacher Shortage Action Plan, the Early Childhood Educator Tax Credit was recommended to the legislature based on successes in Louisiana and Nebraska. A bipartisan bill was enacted in 2019 to establish an Early Childhood Educator Tax Credit in Colorado, but a technical clean-up due to a drafting error will be part of the 2020 legislative session (although it won't affect the timing/size of the credit passed in 2019).

Low-income Child Care Expenses Tax Credit: *Tax credit for low-income families with child care expenses whose income is too low to take advantage of the child care tax credit.*

A refundable income tax credit for taxfilers who have a federal adjusted gross income (AGI) of \$25,000 or less for child care expenses. The credit is equal to 25% of child care expenses, up to \$500 for a single child or \$1,000 for 2 or more children (extended in 2017 through 2020).

- **2019 Action (HB 19-1013):** The current Low-income Child Care Expenses Tax Credit was set to expire. Unlike the broader Child Care Expenses Tax Credits, the Low-income Child Care Expenses Tax Credit is on a cycle to sunset every 3 years. Legislation in 2019 extended this tax credit by 8 years past the sunset date.

Other Child-Related Tax Credits

Child Care Expenses Tax Credit: *Tax credit for families with child care expenses.*

A state income tax credit for child care expenses that is equal to 50 percent of the federal Child Care Tax Credit. It is available to taxpayers with adjusted gross income (AGI) of \$60,000 or less (changed in 2018 for tax years 2019 and beyond).

Child Care Contribution Tax Credit: *Tax credit for taxpayers who contribute to child care, foster care, youth shelters, residential treatment centers, before and after-school programming, and grant programs to help families afford child care.*

An income tax credit for taxpayers that make a monetary contribution to a child care facility, scholarship, or program. The credit is equal to 50% of the total qualifying contribution, up to \$100,000 (extended in 2018 for 5 years, through 2024).