

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 18-0466.02 Ed DeCecco x4216

HOUSE BILL 18-1208

HOUSE SPONSORSHIP

Duran and Winter,

SENATE SPONSORSHIP

Martinez Humenik,

House Committees

Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE EXPANSION OF THE INCOME TAX CREDIT FOR CHILD**
102 **CARE EXPENSES THAT IS A PERCENTAGE OF A SIMILAR FEDERAL**
103 **INCOME TAX CREDIT, AND, IN CONNECTION THEREWITH, MAKING**
104 **AN APPROPRIATION.**

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>.)

Currently, a resident individual with a federal adjusted gross income of \$60,000 or less is allowed a state income tax credit (state credit) for child care expenses that is a percentage of a similar federal

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.

HOUSE
Amended 2nd Reading
April 26, 2018

income tax credit claimed (federal credit). The amount of the state credit depends on the individual's adjusted gross income (AGI). If the individual's AGI is:

- ! \$25,000 or less, then the state credit is 50% of the federal credit;
- ! \$25,001 to \$35,000, then the state credit is 30% of the federal credit; and
- ! \$35,001 to \$60,000, then the state credit is 10% of the federal credit.

The bill expands the state credit by allowing a resident individual with an AGI that is less than or equal to \$150,000 to claim a credit that is equal to 80% of the individual's federal credit.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-22-119, **amend**
3 (1)(a) introductory portion, (2), and (3); and **add** (1.7) as follows:

4 **39-22-119. Expenses related to child care - credits against state**
5 **tax.** (1) (a) For income tax years beginning on and after January 1, 1996,
6 BUT BEFORE JANUARY 1, 2018, if a resident individual claims a credit for
7 child care expenses on the individual's federal tax return, the individual
8 shall be allowed a child care expenses credit against the income taxes due
9 on the individual's income under this ~~article~~ ARTICLE 22 calculated as
10 follows:

11 (1.7) FOR INCOME TAX YEARS BEGINNING ON AND AFTER JANUARY
12 1, 2018, IF A RESIDENT INDIVIDUAL'S FEDERAL ADJUSTED GROSS INCOME
13 IS LESS THAN OR EQUAL TO ONE HUNDRED FIFTY THOUSAND DOLLARS AND
14 THE INDIVIDUAL CLAIMS A CREDIT FOR CHILD CARE EXPENSES ON THE
15 INDIVIDUAL'S FEDERAL TAX RETURN, THEN THE INDIVIDUAL IS ALLOWED
16 A CHILD CARE EXPENSES CREDIT AGAINST THE INCOME TAXES DUE ON THE
17 INDIVIDUAL'S INCOME UNDER THIS ARTICLE 22. THE AMOUNT OF THE
18 CREDIT IS AN AMOUNT EQUAL TO EIGHTY PERCENT OF THE CREDIT FOR
19 CHILD CARE EXPENSES CLAIMED ON THE INDIVIDUAL'S FEDERAL TAX

1 RETURN.

2 (2) (a) If the credits allowed under subsection (1) of this section
3 exceed the income taxes due on the resident individual's income, the
4 amount of the credits not used to offset income taxes shall not be carried
5 forward as tax credits against the resident individual's subsequent years'
6 income tax liability and shall be refunded to the individual.

7 (b) IF THE CREDIT ALLOWED UNDER SUBSECTION (1.7) EXCEEDS
8 THE INCOME TAXES DUE ON THE RESIDENT INDIVIDUAL'S INCOME AND IF
9 THE RESIDENTIAL INDIVIDUAL'S FEDERAL ADJUSTED GROSS INCOME IS LESS
10 THAN OR EQUAL TO SIXTY THOUSAND DOLLARS, THEN THE AMOUNT OF THE
11 CREDIT NOT USED TO OFFSET INCOME TAXES SHALL NOT BE CARRIED
12 FORWARD AS TAX CREDITS AGAINST THE RESIDENT INDIVIDUAL'S
13 SUBSEQUENT YEARS' INCOME TAX LIABILITY AND SHALL BE REFUNDED TO
14 THE INDIVIDUAL.

15 (c) IF THE CREDIT ALLOWED UNDER SUBSECTION (1.7) EXCEEDS
16 THE INCOME TAXES DUE ON THE RESIDENT INDIVIDUAL'S INCOME AND IF
17 THE RESIDENTIAL INDIVIDUAL'S FEDERAL ADJUSTED GROSS INCOME IS
18 GREATER THAN SIXTY THOUSAND DOLLARS AND LESS THAN OR EQUAL TO
19 ONE HUNDRED FIFTY THOUSAND DOLLARS, THEN THE AMOUNT OF THE
20 CREDIT NOT USED TO OFFSET INCOME TAX LIABILITY FOR THE INCOME TAX
21 YEAR IS NOT REFUNDED TO THE RESIDENT INDIVIDUAL. THE RESIDENT
22 INDIVIDUAL MAY CARRY FORWARD AND APPLY THE UNUSED CREDIT
23 AGAINST THE INCOME TAX DUE IN EACH OF THE FIVE SUCCEEDING INCOME
24 TAX YEARS, BUT THE RESIDENT INDIVIDUAL SHALL APPLY THE CREDIT
25 AGAINST THE INCOME TAX DUE FOR THE EARLIEST OF THE INCOME TAX
26 YEARS POSSIBLE. ANY AMOUNT OF THE TAX CREDIT THAT IS NOT USED
27 AFTER THIS PERIOD IS NOT REFUNDABLE.

1 (3) The child care expenses credits allowed under ~~subsection (1)~~
2 SUBSECTIONS (1) AND (1.7) of this section shall not be allowed to a
3 resident individual who is receiving child care assistance from the state
4 department of human services except to the extent of the taxpayer's
5 unreimbursed out-of-pocket expenses that result in a federal credit for
6 child care expenses.

7 **SECTION 2. Appropriation.** (1) For the 2018-19 state fiscal
8 year, \$38,558 is appropriated to the department of revenue. This
9 appropriation is from the general fund. To implement this act, the
10 department may use this appropriation as follows:

11 (a) \$13,523 for use by the taxpayer service division for personal
12 services, which amount is based on an assumption that the division will
13 require an additional 0.3 FTE;

14 (b) \$4,703 for use by the taxpayer service division for operating
15 expenses;

16 (c) \$9,840 for tax administration IT system (GenTax) support; and

17 (d) \$10,492 for document management, which includes \$7,588 for
18 the purchase of document management services.

19 (2) For the 2018-19 state fiscal year, \$7,588 is appropriated to the
20 department of personnel. This appropriation is from reappropriated funds
21 received from the department of revenue under subsection (1)(d) of this
22 section. To implement this act, the department of personnel may use this
23 appropriation to provide document management services for the
24 department of revenue.

25 **SECTION 3. Act subject to petition - effective date.** This act
26 takes effect at 12:01 a.m. on the day following the expiration of the
27 ninety-day period after final adjournment of the general assembly (August

1 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a
2 referendum petition is filed pursuant to section 1 (3) of article V of the
3 state constitution against this act or an item, section, or part of this act
4 within such period, then the act, item, section, or part will not take effect
5 unless approved by the people at the general election to be held in
6 November 2018 and, in such case, will take effect on the date of the
7 official declaration of the vote thereon by the governor.