

**First Regular Session  
Sixty-ninth General Assembly  
STATE OF COLORADO**

**INTRODUCED**

LLS NO. 13-0600.01 Nicole Myers x4326

**SENATE BILL 13-069**

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**A BILL FOR AN ACT**

101 **CONCERNING THE CREATION OF INCOME TAX CREDITS FOR NONPUBLIC**  
102 **EDUCATION.**

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**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://www.leg.state.co.us/billsummaries>.)*

The bill establishes a private school tuition income tax credit for income tax years commencing on or after January 1, 2014, that allows any taxpayer to claim a credit when a private school issues the taxpayer a credit certificate for enrolling a dependent qualified child in the private school or for offering a scholarship to a qualified child for enrollment in

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

the private school. The credit may be carried forward for 3 years but not refunded, and the department of revenue is granted rule-making authority. The amount of the credit is:

- ! For any qualified child attending a private school on a full-time basis as described in the state board of education rules, either an amount equal to the scholarship offered to a qualified child or 50% of the previous year's state average per pupil revenue, whichever is less; and
- ! For any qualified child attending a private school on a half-time basis as described in the state board of education rules, either an amount equal to the scholarship offered to a qualified child or 25% of the previous year's state average per pupil revenue, whichever is less.

The bill establishes an income tax credit for income tax years commencing on or after January 1, 2014, that allows any taxpayer who decides to home-school a qualified child to claim an income tax credit:

- ! In an amount equal to \$1,000 for a taxpayer who home-schools a qualified child who was enrolled on a full-time basis as described in the state board of education rules in a public school in the state prior to being home-schooled; and
- ! In an amount equal to \$500 for a taxpayer who home-schools a qualified child who was enrolled on a half-time basis as described in the state board of education rules in a public school in the state prior to being home-schooled.

The credit may be carried forward for 3 years but not refunded.

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1 *Be it enacted by the General Assembly of the State of Colorado:*  
2       **SECTION 1. Short title.** This act shall be known and may be  
3 cited as the "Quality Education and Budget Reduction Act".  
4       **SECTION 2. Legislative declaration.** The general assembly  
5 hereby finds and declares that although the Colorado legislative council  
6 staff's fiscal note may indicate that there will be a fiscal impact in fiscal  
7 year 2013-14 for the "Quality Education and Budget Reduction Act", that  
8 is due to an accrual accounting method that the department of revenue  
9 and the state controller are required to use. First, the credit is for the  
10 enrollment of children in private schools whose academic years generally

1 do not commence until the first half of fiscal year 2013-14. Second, a true  
2 cash-based fiscal impact will not affect the state until the second half of  
3 fiscal year 2013-14 because the income tax returns for the income tax  
4 year that commences January 1, 2014, are not due until April 15, 2015.  
5 Therefore, only the last half of fiscal year 2013-14 will result in any  
6 economic activity that should be accounted for in analyzing the fiscal  
7 impact of the "Quality Education and Budget Reduction Act".

8 **SECTION 3.** In Colorado Revised Statutes, **add** 39-22-535 as  
9 follows:

10 **39-22-535. Private school tuition income tax credit - rules -**  
11 **definitions.** (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT  
12 OTHERWISE REQUIRES:

13 (a) "CREDIT CERTIFICATE" MEANS A STATEMENT ISSUED BY A  
14 PRIVATE SCHOOL CERTIFYING THAT A CHILD ENROLLED IN THE PRIVATE  
15 SCHOOL IS A QUALIFIED CHILD AS DEFINED IN PARAGRAPH (d) OF THIS  
16 SUBSECTION (1) AND THAT THE TAXPAYER IS ENTITLED TO AN INCOME TAX  
17 CREDIT AS SPECIFIED IN THIS SECTION.

18 (b) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

19 (c) "PRIVATE SCHOOL" HAS THE SAME MEANING AS SET FORTH IN  
20 SECTION 22-30.5-103 (6.5), C.R.S.

21 (d) (I) "QUALIFIED CHILD" MEANS A CHILD ENROLLED ON A  
22 FULL-TIME BASIS AS DESCRIBED IN THE STATE BOARD OF EDUCATION  
23 RULES IN A PUBLIC SCHOOL IN THE STATE FOR THE SCHOOL YEAR PRIOR TO  
24 ENROLLMENT IN A PRIVATE SCHOOL, BUT DOES NOT INCLUDE:

25 (A) A CHILD ENROLLED IN ANY PRIVATE SCHOOL IN THE STATE FOR  
26 THE SCHOOL YEAR PRIOR TO THE EFFECTIVE DATE OF THIS SECTION; OR

27 (B) A CHILD HOME-SCHOOLED IN THE STATE AS OF THE EFFECTIVE

1 DATE OF THIS SECTION.

2 (II) ONCE A CHILD IS A QUALIFIED CHILD AS SPECIFIED IN  
3 SUBPARAGRAPH (I) OF THIS PARAGRAPH (d), THE CHILD WILL REMAIN A  
4 QUALIFIED CHILD SO LONG AS HE OR SHE REMAINS ENROLLED IN A PRIVATE  
5 SCHOOL IN THE STATE.

6 (e) "STATE AVERAGE PER PUPIL REVENUE" HAS THE SAME  
7 MEANING AS SET FORTH IN SECTION 22-54-129 (1) (e), C.R.S.

8 (f) "TAXPAYER" MEANS A RESIDENT INDIVIDUAL OR A DOMESTIC  
9 OR FOREIGN CORPORATION SUBJECT TO THE PROVISIONS OF PART 3 OF THIS  
10 ARTICLE, A PARTNERSHIP, S CORPORATION, OR OTHER SIMILAR  
11 PASS-THROUGH ENTITY, ESTATE, OR TRUST, AND A PARTNER, MEMBER,  
12 AND SUBCHAPTER S SHAREHOLDER OF SUCH PASS-THROUGH ENTITY.

13 (2) (a) (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER  
14 JANUARY 1, 2014, A PRIVATE SCHOOL SHALL ISSUE A CREDIT CERTIFICATE  
15 TO ANY TAXPAYER THAT ENROLLS A DEPENDENT QUALIFIED CHILD IN THE  
16 PRIVATE SCHOOL OR THAT OFFERS A SCHOLARSHIP TO A QUALIFIED CHILD  
17 FOR ENROLLMENT IN THE PRIVATE SCHOOL. THE CREDIT CERTIFICATE  
18 ALLOWS THE TAXPAYER TO CLAIM AN INCOME TAX CREDIT WITH RESPECT  
19 TO THE INCOME TAXES IMPOSED BY THIS ARTICLE.

20 (II) A TAXPAYER THAT ENROLLS A DEPENDENT QUALIFIED CHILD  
21 IN THE PRIVATE SCHOOL OR THAT OFFERS A SCHOLARSHIP TO A QUALIFIED  
22 CHILD FOR ENROLLMENT IN A PRIVATE SCHOOL DURING THE 2013-14  
23 STATE FISCAL YEAR OR ANY STATE FISCAL YEAR THEREAFTER IS ELIGIBLE  
24 FOR THE INCOME TAX CREDIT SPECIFIED IN SUBPARAGRAPH (I) OF THIS  
25 PARAGRAPH (a) FOR THE INCOME TAX YEAR COMMENCING DURING THE  
26 STATE FISCAL YEAR IN WHICH THE QUALIFIED CHILD ENROLLED.

27 (b) A PRIVATE SCHOOL SHALL ISSUE ANY CREDIT CERTIFICATES

1 PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (2) UPON APPLICATION  
2 FOR A CREDIT BY A TAXPAYER.

3 (c) (I) (A) FOR ANY QUALIFIED CHILD ATTENDING PRIVATE SCHOOL  
4 ON A FULL-TIME BASIS AS DESCRIBED IN THE STATE BOARD OF EDUCATION  
5 RULES, THE AMOUNT OF THE CREDIT AUTHORIZED IN THIS SECTION EQUALS  
6 THE SCHOLARSHIP OFFERED TO A QUALIFIED CHILD OR FIFTY PERCENT OF  
7 THE PREVIOUS YEAR'S STATE AVERAGE PER PUPIL REVENUE, WHICHEVER  
8 IS LESS.

9 (B) FOR ANY QUALIFIED CHILD ATTENDING PRIVATE SCHOOL ON A  
10 HALF-TIME BASIS AS DESCRIBED IN THE STATE BOARD OF EDUCATION  
11 RULES, THE AMOUNT OF THE CREDIT AUTHORIZED IN THIS SECTION EQUALS  
12 THE SCHOLARSHIP OFFERED TO A QUALIFIED CHILD OR TWENTY-FIVE  
13 PERCENT OF THE PREVIOUS YEAR'S STATE AVERAGE PER PUPIL REVENUE,  
14 WHICHEVER IS LESS.

15 (II) THE STATE AVERAGE PER PUPIL REVENUE SHALL BE PROVIDED  
16 TO THE DEPARTMENT BY THE DEPARTMENT OF EDUCATION WITHIN THIRTY  
17 DAYS AFTER THE EFFECTIVE DATE OF THIS SECTION AND EVERY JANUARY  
18 15 THEREAFTER.

19 (d) THE TAXPAYER SHALL SUBMIT THE CREDIT CERTIFICATE TO THE  
20 DEPARTMENT WITH THE TAXPAYER'S INCOME TAX RETURN FOR THAT TAX  
21 YEAR.

22 (3) IF THE CREDIT ALLOWED IN THIS SECTION EXCEEDS THE INCOME  
23 TAXES OTHERWISE DUE ON THE TAXPAYER'S INCOME, THE AMOUNT OF THE  
24 CREDIT NOT USED AS AN OFFSET AGAINST INCOME TAXES MAY BE CARRIED  
25 FORWARD AS A TAX CREDIT AGAINST SUBSEQUENT YEARS' INCOME TAX  
26 LIABILITY FOR A PERIOD NOT EXCEEDING THREE YEARS AND SHALL BE  
27 APPLIED FIRST TO THE EARLIEST YEARS POSSIBLE. ANY CREDIT REMAINING

1 AFTER SAID PERIOD SHALL NOT BE REFUNDED OR CREDITED TO THE  
2 TAXPAYER.

3 (4) IF A TAXPAYER RECEIVING A CREDIT ALLOWED IN THIS SECTION  
4 IS A PARTNERSHIP, LIMITED LIABILITY COMPANY, S CORPORATION, OR  
5 SIMILAR PASS-THROUGH ENTITY, THE TAXPAYER MAY ALLOCATE THE  
6 CREDIT AMONG ITS PARTNERS, SHAREHOLDERS, MEMBERS, OR OTHER  
7 CONSTITUENT TAXPAYERS IN ANY MANNER AGREED TO BY THE PARTNERS,  
8 SHAREHOLDERS, MEMBERS, OR OTHER CONSTITUENT TAXPAYERS. THE  
9 TAXPAYER SHALL CERTIFY TO THE DEPARTMENT THE AMOUNT OF THE  
10 CREDIT ALLOCATED TO EACH PARTNER, SHAREHOLDER, MEMBER, OR  
11 OTHER CONSTITUENT TAXPAYER. EACH PARTNER, SHAREHOLDER,  
12 MEMBER, OR OTHER CONSTITUENT TAXPAYER MAY CLAIM THE AMOUNT  
13 SUBJECT TO ANY RESTRICTIONS SET FORTH IN THIS SECTION.

14 (5) NO LATER THAN DECEMBER 15, 2014, AND NO LATER THAN  
15 DECEMBER 15 OF EACH YEAR THEREAFTER, EACH PRIVATE SCHOOL THAT  
16 ISSUES A CREDIT CERTIFICATE SHALL PROVIDE THE DEPARTMENT WITH AN  
17 ELECTRONIC REPORT OF ANY CREDIT CERTIFICATE ISSUED FOR THAT  
18 INCOME TAX YEAR THAT INCLUDES THE FOLLOWING INFORMATION:

19 (a) THE TAXPAYER'S NAME;

20 (b) THE TAXPAYER'S COLORADO ACCOUNT NUMBER OR SOCIAL  
21 SECURITY NUMBER; AND

22 (c) ANY ASSOCIATED TAXPAYERS' NAMES AND COLORADO  
23 ACCOUNT NUMBERS OR SOCIAL SECURITY NUMBERS IF THE CREDIT  
24 ALLOWED IN THIS SECTION IS ALLOCATED FROM A PASS-THROUGH ENTITY  
25 PURSUANT TO SUBSECTION (4) OF THIS SECTION.

26 (6) THE EXECUTIVE DIRECTOR MAY PROMULGATE RULES AS  
27 NECESSARY TO ADMINISTER AND ENFORCE ANY PROVISION OF THIS

1 SECTION. THE RULES SHALL BE PROMULGATED IN ACCORDANCE WITH  
2 ARTICLE 4 OF TITLE 24, C.R.S.

3 (7) ANY TAXPAYER THAT OFFSETS A TAX DEFICIENCY WITH A  
4 CREDIT AUTHORIZED IN THIS SECTION THAT IS DISALLOWED PURSUANT TO  
5 THIS SECTION SHALL BE LIABLE FOR SUCH TAX DEFICIENCY, INTEREST, AND  
6 PENALTIES AS MAY BE SPECIFIED IN THIS ARTICLE OR OTHERWISE  
7 PROVIDED BY LAW.

8 **SECTION 4.** In Colorado Revised Statutes, **add** 39-22-129 as  
9 follows:

10 **39-22-129. Credit for taxpayers that home-school a qualified**  
11 **child - definitions.** (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT  
12 OTHERWISE REQUIRES:

13 (a) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

14 (b) "HOME-SCHOOL" MEANS THE EDUCATION OF A QUALIFIED  
15 CHILD PURSUANT TO SECTION 22-33-104 (2) (i), C.R.S., OR TAUGHT AT  
16 HOME UNDER THE SUPERVISION OF A PRIVATE SCHOOL.

17 (c) (I) "QUALIFIED CHILD" MEANS A DEPENDENT CHILD ENROLLED  
18 ON A FULL-TIME OR HALF-TIME BASIS AS DESCRIBED IN THE STATE BOARD  
19 OF EDUCATION RULES IN A PUBLIC SCHOOL IN THE STATE, BUT DOES NOT  
20 INCLUDE ANY DEPENDENT CHILD CURRENTLY ENROLLED IN ANY PRIVATE  
21 SCHOOL OR HOME-SCHOOLED IN THE STATE PRIOR TO THE EFFECTIVE DATE  
22 OF THIS SECTION.

23 (II) ONCE A CHILD IS A QUALIFIED CHILD AS SPECIFIED IN  
24 SUBPARAGRAPH (I) OF THIS PARAGRAPH (c), THE CHILD WILL REMAIN A  
25 QUALIFIED CHILD SO LONG AS HE OR SHE CONTINUES TO BE  
26 HOME-SCHOOLED IN THE STATE IN A KINDERGARTEN THROUGH TWELFTH  
27 GRADE PROGRAM.

1           (2) (a) (I) FOR INCOME TAX YEARS COMMENCING ON OR AFTER  
2 JANUARY 1, 2014, THERE IS ALLOWED AS A CREDIT AGAINST THE INCOME  
3 TAXES IMPOSED BY THIS ARTICLE AN AMOUNT EQUAL TO ONE THOUSAND  
4 DOLLARS FOR ANY TAXPAYER WHO HOME-SCHOOLS A QUALIFIED CHILD  
5 WHO WAS ENROLLED ON A FULL-TIME BASIS AS DESCRIBED IN THE STATE  
6 BOARD OF EDUCATION RULES IN A PUBLIC SCHOOL IN THE STATE PRIOR TO  
7 BEING HOME-SCHOOLED.

8           (II) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY  
9 1, 2014, THERE IS ALLOWED AS A CREDIT AGAINST THE INCOME TAXES  
10 IMPOSED BY THIS ARTICLE AN AMOUNT EQUAL TO FIVE HUNDRED DOLLARS  
11 TO ANY TAXPAYER WHO HOME-SCHOOLS A QUALIFIED CHILD WHO WAS  
12 ENROLLED ON A HALF-TIME BASIS AS DESCRIBED IN THE STATE BOARD OF  
13 EDUCATION RULES IN A PUBLIC SCHOOL IN THE STATE PRIOR TO BEING  
14 HOME-SCHOOLED.

15           (b) A TAXPAYER WHO HOME-SCHOOLS, DURING THE 2013-14  
16 STATE FISCAL YEAR OR ANY STATE FISCAL YEAR THEREAFTER, A  
17 QUALIFIED CHILD WHO WAS ENROLLED IN A PUBLIC SCHOOL IN THE STATE  
18 PRIOR TO BEING HOME-SCHOOLED IS ELIGIBLE FOR THE INCOME TAX  
19 CREDIT SPECIFIED IN SUBPARAGRAPH (I) OR (II) OF PARAGRAPH (a) OF THIS  
20 SUBSECTION (2) FOR THE INCOME TAX YEAR COMMENCING DURING THE  
21 STATE FISCAL YEAR IN WHICH THE QUALIFIED CHILD IS HOME-SCHOOLED.

22           (3) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE  
23 INCOME TAXES OTHERWISE DUE ON THE TAXPAYER'S INCOME, THE  
24 AMOUNT OF THE CREDIT NOT USED AS AN OFFSET AGAINST INCOME TAXES  
25 MAY BE CARRIED FORWARD AS A TAX CREDIT AGAINST SUBSEQUENT  
26 YEARS' INCOME TAX LIABILITY FOR A PERIOD NOT EXCEEDING THREE  
27 YEARS AND SHALL BE APPLIED FIRST TO THE EARLIEST YEARS POSSIBLE.



1 ANY CREDIT REMAINING AFTER SAID PERIOD SHALL NOT BE REFUNDED OR  
2 CREDITED TO THE TAXPAYER.

3 **SECTION 5. Safety clause.** The general assembly hereby finds,  
4 determines, and declares that this act is necessary for the immediate  
5 preservation of the public peace, health, and safety.