

Second Regular Session  
Seventy-third General Assembly  
STATE OF COLORADO

**PREAMENDED**

*This Unofficial Version Includes Committee  
Amendments Not Yet Adopted on Second Reading*

LLS NO. 22-0202.02 Ed DeCecco x4216

**HOUSE BILL 22-1010**

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**HOUSE SPONSORSHIP**

**Sirota and Van Beber, Kipp**

**SENATE SPONSORSHIP**

**Buckner and Kirkmeyer, Story**

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**House Committees**

Education  
Finance

**Senate Committees**

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**A BILL FOR AN ACT**

101     **CONCERNING AN INCOME TAX CREDIT FOR ELIGIBLE EARLY**  
102     **CHILDHOOD EDUCATORS.**

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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://leg.colorado.gov/>.)*

**Early Childhood and School Readiness Legislative Commission.** For 5 income tax years, the bill creates a refundable income tax credit for an eligible early childhood educator who:

- Has an adjusted gross income below specified thresholds; and
- For at least 6 months of the taxable year, holds an early

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.*

childhood professional credential and is either the head of a family child care home or is 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 have fiscal agreements with the Colorado child care assistance program or meet the federal early head start or head start standards for a program. The amount of the credit is dependent on the eligible early childhood educator's credentialing level and is annually adjusted for inflation.

The department of human services, or a successor department, is required to provide the department of revenue with an electronic report of each individual who held an early childhood professional credential during the previous calendar year for which the credit is allowed.

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

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

4           (a) Demand for early childhood educators and directors is  
5     expected to increase by nearly twenty-five percent over the next ten years,  
6     a rate that is even faster anticipated growth than for kindergarten through  
7     twelfth grade educators, and the growth rates for early childhood  
8     professionals are high everywhere, but are double in rural counties  
9     compared to urban counties and highest in frontier counties;

10           (b) The early care and education sector is comprised almost  
11     exclusively of women, forty percent of whom are people of color, and  
12     failure to invest in this profession undermines the economic opportunity  
13     of early educators and their ability to support the education of the children  
14     in their classroom;

15           (c) These educators represent the most racially diverse sector of  
16     the teaching workforce, compared to kindergarten through twelfth grade  
17     and postsecondary education, but early educators are among the

1       lowest-paid professionals in every state, including Colorado;

2               (d) On average, early childhood educators earn less than half of

3       the salary of kindergarten teachers and over one-third report receiving

4       subsidies from public assistance programs to make ends meet;

5               (e) Low pay and instability in the early childhood sector contribute

6       to high turnover rates with half of all early childhood education

7       professionals changing jobs within three years;

8               (f) The COVID-19 pandemic has exacerbated the challenges

9       facing the recruitment, retention, and professional development of the

10      early childhood workforce at a time when the need for access to early care

11      and education is acute for working families, and women in particular, to

12      be able to enter the workforce; and

13               (g) Investments in the early care and education workforce have a

14      significant return on investment with every dollar invested in the early

15      care and education sector resulting in two dollars and twenty-seven cents

16      in output in the state economy and every job created in the early care and

17      education sector resulting in an additional nearly one and one-half new

18      jobs in the state economy.

19               (2) Now, therefore, the general assembly declares that supporting

20      the early childhood workforce with a targeted tax credit can support

21      stability in the industry and, in turn, support working families, child

22      development, and economic growth.

23               **SECTION 2.** In Colorado Revised Statutes, **add** 39-22-543 as

24      follows:

25               **39-22-543. Early childhood educator income tax credit - tax**

26      **preference performance statement - legislative declaration -**

27      **definitions - repeal.** (1) (a) THE GENERAL ASSEMBLY FINDS AND

1        DECLARER THAT:

2            (I) THE BENEFITS OF QUALITY CHILD CARE AND EARLY CHILDHOOD  
3        EDUCATION ARE WELL DOCUMENTED AND A STRIKING CONNECTION EXISTS  
4        BETWEEN CHILDREN'S LEARNING EXPERIENCES WELL BEFORE  
5        KINDERGARTEN AND THEIR LATER SCHOOL SUCCESS;

6            (II) SMALL BUSINESS OWNERS AND PARENTS WHO RELY ON CHILD  
7        CARE TO WORK WOULD ALSO EXPERIENCE LOWER TURNOVER IN CHILD  
8        CARE STAFF WHEN EARLY CHILDHOOD EDUCATORS EXPERIENCE BETTER  
9        ECONOMIC STABILITY; AND

10            (III) WHEN EARLY CHILDHOOD EDUCATORS IMPROVE THE QUALITY  
11        OF THEIR EDUCATION BY RECEIVING EARLY CHILDHOOD PROFESSIONAL  
12        CREDENTIALS OR ATTAINING HIGHER CREDENTIAL LEVELS, IT IMPROVES  
13        THE QUALITY OF CHILDREN'S EARLY LEARNING EXPERIENCES.

14            (b) IN ACCORDANCE WITH SECTION 39-21-304(1), THE PURPOSE OF  
15        THIS TAX EXPENDITURE IS TO:

16            (I) INDUCE CERTAIN DESIGNATED BEHAVIOR BY TAXPAYERS,  
17        WHICH IN THIS INSTANCE IS FOR EARLY CHILDHOOD EDUCATORS TO  
18        RECEIVE AN EARLY CHILDHOOD PROFESSIONAL CREDENTIAL OR TO ATTAIN  
19        HIGHER CREDENTIAL LEVELS; AND

20            (II) PROVIDE TAX RELIEF FOR EARLY CHILDHOOD EDUCATORS.

21            (c) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL  
22        MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSE  
23        SPECIFIED IN SUBSECTION (1)(b)(I) OF THIS SECTION BASED ON A  
24        COMPARISON OF THE NUMBER OF EARLY CHILDHOOD PROFESSIONAL  
25        CREDENTIALS AT THE VARIOUS LEVELS BEFORE AND WITH THE CREDIT.

26            (d) THE GENERAL ASSEMBLY AND THE STATE AUDITOR SHALL  
27        MEASURE THE EFFECTIVENESS OF THE CREDIT IN ACHIEVING THE PURPOSE

1       SPECIFIED IN SUBSECTION (1)(b)(II) OF THIS SECTION BASED ON THE  
2       NUMBER OF CREDITS THAT ARE CLAIMED.

3               (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE  
4       REQUIRES:

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

6               (b) "EARLY CHILDHOOD PROFESSIONAL CREDENTIAL" MEANS THE  
7       EARLY CHILDHOOD PROFESSIONAL CREDENTIALS ISSUED BY THE  
8       DEPARTMENT OF EDUCATION, OR A SUCCESSOR DEPARTMENT, AND  
9       DESIGNATED AS EARLY CHILDHOOD PROFESSIONAL I, EARLY CHILDHOOD  
10      PROFESSIONAL II, EARLY CHILDHOOD PROFESSIONAL III, EARLY  
11      CHILDHOOD PROFESSIONAL IV, EARLY CHILDHOOD PROFESSIONAL V, AND  
12      EARLY CHILDHOOD PROFESSIONAL VI.

13               (c) "ELIGIBLE EARLY CHILDHOOD EDUCATOR" MEANS AN  
14       INDIVIDUAL WHO:

15               (I) HAS A FEDERAL ADJUSTED GROSS INCOME LESS THAN OR EQUAL  
16       TO SEVENTY-FIVE THOUSAND DOLLARS FOR AN INDIVIDUAL FILING A  
17       SINGLE RETURN, OR HAS A FEDERAL ADJUSTED GROSS INCOME LESS THAN  
18       OR EQUAL TO ONE HUNDRED FIFTY THOUSAND DOLLARS FOR AN  
19       INDIVIDUAL FILING A JOINT RETURN; AND

20               (II) FOR AT LEAST SIX MONTHS OF THE INCOME TAX YEAR FOR  
21       WHICH THE CREDIT IS CLAIMED:

22               (A) HOLDS AN EARLY CHILDHOOD PROFESSIONAL CREDENTIAL FOR  
23       AT LEAST SIX MONTHS OF THE INCOME TAX YEAR FOR WHICH THE CREDIT  
24       IS CLAIMED; AND

25               (B) IS EITHER THE LICENSEE OF AN ELIGIBLE PROGRAM OR  
26       EMPLOYED BY AN ELIGIBLE PROGRAM.

27               (d) "ELIGIBLE PROGRAM" MEANS EITHER AN EARLY CHILDHOOD

1 EDUCATION PROGRAM AS DEFINED IN SECTION 26-6.5-101.5 (6.5), OR A  
2 LICENSED FAMILY CHILD CARE HOME. AN ELIGIBLE PROGRAM [REDACTED] MUST  
3 HAVE HELD AT LEAST A LEVEL ONE QUALITY RATING PURSUANT TO THE  
4 COLORADO SHINES QUALITY RATING AND IMPROVEMENT SYSTEM  
5 ESTABLISHED IN SECTION 26-6.5-106 FOR THE INCOME TAX YEAR FOR  
6 WHICH THE CREDIT IS CLAIMED. [REDACTED] [REDACTED]

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

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

14 (3) (a) FOR INCOME TAX YEARS COMMENCING ON OR AFTER  
15 JANUARY 1, 2022, BUT BEFORE JANUARY 1, 2027, AN ELIGIBLE EARLY  
16 CHILDHOOD EDUCATOR IS ALLOWED A CREDIT AGAINST THE TAX IMPOSED  
17 BY THIS ARTICLE 22 IN AN AMOUNT AS SET FORTH IN SUBSECTION (3)(b) OF  
18 THIS SECTION.

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

21 (A) SEVEN HUNDRED FIFTY DOLLARS FOR AN EARLY CHILDHOOD  
22 PROFESSIONAL I;

23 (B) ONE THOUSAND DOLLARS FOR AN EARLY CHILDHOOD  
24 PROFESSIONAL II; AND

25 (C) ONE THOUSAND FIVE HUNDRED DOLLARS FOR AN EARLY  
26 CHILDHOOD PROFESSIONAL III, EARLY CHILDHOOD PROFESSIONAL IV,  
27 EARLY CHILDHOOD PROFESSIONAL V, OR EARLY CHILDHOOD

1 PROFESSIONAL VI.

2 (II) FOR THE INCOME TAX YEARS COMMENCING ON OR AFTER  
3 JANUARY 1, 2023, THE DEPARTMENT SHALL ADJUST THE CREDIT AMOUNTS  
4 SET FORTH IN SUBSECTION (3)(b)(I) OF THIS SECTION TO REFLECT  
5 INFLATION FOR EACH INCOME TAX YEAR IN WHICH THE CREDIT DESCRIBED  
6 IN THIS SECTION IS ALLOWED.

7 (c) EACH ELIGIBLE EARLY CHILDHOOD EDUCATOR IS ONLY  
8 ALLOWED ONE CREDIT PER INCOME TAX YEAR, EVEN IF THE ELIGIBLE  
9 EARLY CHILDHOOD EDUCATOR EARNS A HIGHER LEVEL EARLY CHILDHOOD  
10 PROFESSIONAL CREDENTIAL IN THE SAME YEAR. IN SUCH CASE, THE  
11 ELIGIBLE EARLY CHILDHOOD EDUCATOR'S CREDIT IS BASED ON THE  
12 HIGHEST EARLY CHILDHOOD PROFESSIONAL CREDENTIAL ATTAINED  
13 DURING THE INCOME TAX YEAR.

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

17 (5) NO LATER THAN JANUARY 1, 2023, AND EACH JANUARY 1  
18 THEREAFTER THROUGH JANUARY 1, 2027, THE DEPARTMENT OF HUMAN  
19 SERVICES, OR A SUCCESSOR DEPARTMENT, SHALL PROVIDE THE  
20 DEPARTMENT OF REVENUE WITH AN ELECTRONIC REPORT OF EACH  
21 INDIVIDUAL WHO HELD AN EARLY CHILDHOOD PROFESSIONAL CREDENTIAL  
22 DURING THE PREVIOUS CALENDAR YEAR FOR WHICH THE CREDIT IS  
23 ALLOWED. THE DEPARTMENT SHALL INCLUDE THE FOLLOWING  
24 INFORMATION IN THE REPORT, IF AVAILABLE:

25 (a) THE NAME OF THE INDIVIDUAL WHO HOLDS THE EARLY  
26 CHILDHOOD PROFESSIONAL CREDENTIAL;

27 (b) THE INDIVIDUAL'S SOCIAL SECURITY NUMBER OR TAX

1 IDENTIFICATION NUMBER;

2 (c) THE HIGHEST LEVEL OF EARLY CHILDHOOD PROFESSIONAL  
3 CREDENTIAL HELD BY THE INDIVIDUAL DURING THE YEAR; AND

4 (d) THE LENGTH OF TIME THAT THE INDIVIDUAL HELD AN EARLY  
5 CHILDHOOD PROFESSIONAL CREDENTIAL AT ANY LEVEL.

6 (6) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2031.

7 **SECTION 3. Act subject to petition - effective date.** This act  
8 takes effect at 12:01 a.m. on the day following the expiration of the  
9 ninety-day period after final adjournment of the general assembly; except  
10 that, if a referendum petition is filed pursuant to section 1 (3) of article V  
11 of the state constitution against this act or an item, section, or part of this  
12 act within such period, then the act, item, section, or part will not take  
13 effect unless approved by the people at the general election to be held in  
14 November 2022 and, in such case, will take effect on the date of the  
15 official declaration of the vote thereon by the governor.