

THE COLORADO CHILD CARE CREDIT RETURNS IN 2013!

The Colorado Child Care Contribution Credit (CCCCC) program, instituted in 1999, provides a 50 percent state tax credit **AND** a state and federal tax deduction for any contribution made to a qualifying child care organization or fund.

In 2008, the Colorado General Assembly reauthorized the CCCCC through 2019. However, in order to ensure that the decision does not adversely affect the state budget during economic downturns, the legislature added an annual reevaluation component or "trigger".

This trigger was in effect for 2011 and 2012 due to the economic downturn. The child care contribution credit was not available in 2011 or 2012 because General Fund Revenue growth forecast did not exceed six percent.

House Bill 11-1014, the Child Care Contribution Income Tax Credit bill, signed into law by Governor Hickenlooper on June 2nd, 2011, changed the manner in which a contributor may claim the credit for 2013 – 2015 and repealed the trigger starting in 2013. Tax credits earned through contributions made during 2011 and 2012 may be claimed in a graduated fashion beginning in 2013.

- The bill removed the 6% trigger as of January 1, 2013.
- Both the 50% credit and the carry forward provision remain in effect.
- For contributions made in 2011, 2012 and 2013, no more than 50% of the total of the tax credits earned plus any carry forward credits may be claimed in 2013 (i.e. 50% of the 50% tax credit = 25%).
- In 2014, no more than 75% of the total of the tax credits earned through contributions made in 2014 plus any accrued carry forward credits may be claimed (i.e. 75% of the 50% tax credits = 37.5%).
- In 2015, 100% of the total of the tax credits earned through contribution made in 2015 plus all remaining accrued carry forward credits may be claimed.

How the Colorado Child Care Credit Leverages Your Gift

When you or your business contributes funds to promote and develop child care activities, you can get a 50 percent Colorado Tax Credit, in addition to your regular state and federal contribution deductions. And you don't even have to have children to take advantage of it. The following table illustrates how a large part of your donation comes back to you in various tax credits and deductions.

<i>*Information provided by Mark Kornblau, CFP and member of PS-S Board of Directors. Material discussed is meant for informational purposes only and is not to be construed as tax, legal or investment advice. Please always seek advice from your tax advisor.</i>	2013	2014	2015
Contribution (Total Amount that goes toward providing child care to eligible low-income families)	\$1,000	\$1,000	\$1,000
Current Year Colorado Child Care Tax Credit Deduction	(\$250)	(\$375)	(\$500)
Carry forward Colorado Child Care Tax Credit	(\$250)	(187.50)	\$0
Carry forward Colorado Child Care Tax Credit Deduction Used	\$0	(187.50)	(187.50)
Colorado Income Tax Savings	(\$33.33)	(\$33.33)	(\$33.33)
Federal Income Tax Savings	(\$280)	(\$280)	(\$280)
Income Tax Savings at tax time	\$563.33	\$875.83	\$1000
Your Cost	\$436.67	\$124.17	\$0
Your Gifts Leverage	2.29x	8.05x	Infinite!

(Illustration based on 28 percent Federal tax bracket and assumes you itemize your deductions). For more information please click on the following link.

[Colorado Child Care Credit Rules - Colorado Dept. of Revenue Publication FYI Income 35](#)