



COLORADO CENTER  
on LAW & POLICY

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## **HB-1072 SUPPORT**

*Child Care Tax Credit fix*  
Sponsors: Rep. Pettersen,  
Rep. Exum, Sen. Kefalas

### **Child care in Colorado by the numbers:**

- \$12,621 -- Average annual cost of full-time infant or toddler care in a child care center.
- 63 percent – percent of all kids under 6 who live in homes where all available parents work
- \$1.2 billion – economic output of child care industry in Colorado
- \$1,200 – federal child care income tax credit available to upper-income families.
- \$0 – combined state and federal child care income tax credit available to poorest families.

#### **Contact:**

Terry Scanlon  
Public Affairs Manager  
O: 303-957-5663 x311  
C: 303-957-8137  
tscanlon@cclponline.org

# Fixing the child care tax credit reduces poverty, boosts economy

*Bill would benefit single moms who earn less than \$12 an hour*

Colorado's economy depends on working families. Quality child care helps the whole family — it allows parents to work and prepares children for success in school and eventually in their careers. HB -1072 would fix the existing Colorado income tax credit for child care expenses so that the poorest working families can claim a credit already available to other families. The bill would:

- strengthen Colorado's economy
- advance economic self-sufficiency
- reduce poverty
- promote tax fairness
- decrease income inequality

### **Bill necessary to make credit available to poorest families**

Colorado law already provides a credit for child care expenses to families with an income of \$60,000 and less. Due to a glitch in the relationship between federal and state tax laws, families under \$25,000 get little, if any, of the credit. HB-1072 will fix that. The bill would disconnect the state tax credit from federal law and create a maximum credit of \$500 for a family with one child and \$1,000 for a family with two or more children.

### **Credit would help the working poor**

To qualify for the credit families need to meet the following criteria:

- work
- earn less than \$25,000 a year, which is roughly \$12 an hour or less
- pay for child care while they work

Roughly 55,000 Coloradans meet that criterion. Of those, 62 percent, or about 35,000, are single-mothers.

### **Reduces poverty**

The child poverty rate in Colorado skyrocketed from 10 percent in 2000 to 18 percent in 2011. Eighteen percent of Colorado kids, or 218,000 kids, live in poverty, which for a family of four is an annual income of \$23,000.

### **Promotes tax fairness**

The poorest 40 percent of Colorado taxpayers pay a higher percentage of their income in state and local taxes than higher income earners. In addition, those higher earners have more tax breaks available on their federal income taxes that are not available to low-income workers, such as the federal income tax credit for child care expenses.

**Supporters**

9to5 Colorado

AAUW Colorado

All Families Deserve a Chance (AFDC) Coalition

Clayton Early Learning

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Colorado Business Women

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Colorado Children's Campaign

Colorado Coalition for the Homeless

Colorado Fiscal Institute

Colorado Progressive Coalition

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Colorado Statewide Parent Organization

Colorado Women's Bar Association

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