

Agenda Item

Date:**To:** Douglas County Board of County Commissioners**Through:** Douglas J. DeBord, County Manager**From:** Diane Smith, Douglas County Early Childhood Council**CC:** Dan Avery, Special Projects Manager
Jennifer Eby, Director, Community Services
Toby Damisch, Assessor
Kati Carter, Assistant Director, Planning Resources**Subject:** **Child Care Property Tax Incentive Program**

SUMMARY

At the Board's direction staff developed a childcare provider tax incentive program for Board consideration.

BACKGROUND

The Board of County Commissioners previously contracted with EPIC to investigate establishment of an intergenerational program to support both older adults and childcare programs. One of the recommendations from that study was development of a tax incentive program under the statutory authority established by Senate Bill 2024-002. This proposal was created by a working group comprised of staff from the Early Childhood Council, the Assessor, County Administration, Community Services, and Planning Services.

STATUTORY AUTHORITY

Senate Bill 2024-002 grants counties new authority to establish property tax incentives programs for "areas of specific local concern". As defined in the legislation, an area of specific local concern is:

"A use of real property in a county that is determined by the Board of County Commissioners to be diminishing or unavailable based on verifiable data and which use the Board of County Commissioners finds and declares necessary for the preservation of the health, safety, and welfare of the residents of the County, including as to matters of equity, access to housing, and access to education."

The legislative declaration notes that "local governments are best equipped to understand and respond to the distinctive localized challenges within their communities" and describes potential uses of the authority to incentivize conversion of short-term rentals to long-term rentals and workforce housing, incentivizing the creation of senior housing, revitalization of depressed economic or residential areas, and incentivizing "key services necessary for a thriving community, such as childcare centers and in-home daycares."

The statute describes procedural requirements for creation of an incentive program, including establishment by resolution that: (1) makes a finding and determination that the use to be incentivized is diminishing or unavailable in the jurisdiction, and (2) establishes specific criteria for program qualification.

The statute requires that the opportunity to receive the incentive “be equally available to all owners of the same class of real property located in the County whose use of their property is an area of local concern.”

Finally, the statute requires jurisdictions to produce an annual evaluation of the effectiveness of the program to be considered at a public hearing annually. The Board can renew the incentive program annually upon a finding that the “incentive program has been and is likely to continue to be effective in addressing each area of specific local concern identified in the resolution creating the incentive program.”

CHILDCARE PROVIDER INCENTIVE PROPOSAL

Based on available data, the working group believes that childcare constitutes an area of need. The Douglas County Early Childhood Council Director met with a group of childcare providers to determine how a property tax rebate might help their business and the families they serve. Providers indicated that a rebate could be used to incentivize staff and/or provide additional professional development; they could purchase materials to either add new items or refresh existing curriculum; or they could make improvements to their facility to benefit children. They shared the challenges they face and the very slim margins they work on to provide quality learning and care.

The working group identified criteria for inclusion in the program, developed an application process, an application evaluation process, a dispersal of funds process, and an evaluation of the program process. This program would also offer a way to gather more specific information about the numbers of children in each age range being served by childcare programs in our County.

FISCAL IMPACT OF THE PROPOSED INCENTIVE

Using a list of licensed providers in the County, staff quantified 2025 taxes due in 2026. Based on the data compiled:

- a 100% rebate to all providers would total \$793,924 if all providers participated. Of that figure, approximately \$715,000 would be payable to commercial providers, and about \$80,000 could be paid to residential in-home providers.
- A 75% credit would total \$595,443 if all businesses participated
- A 50% credit would total \$396,962 if all businesses participated
- A 25% credit would total \$198,481 if all businesses participated

NEXT STEPS

Staff is prepared to facilitate a discussion on the incentive proposal and accept direction from the Board.

ATTACHMENTS

- Draft Incentive Resolution

R-025-26

**THE BOARD OF COUNTY COMMISSIONERS
OF THE COUNTY OF DOUGLAS**

**RESOLUTION ESTABLISHING A
CHILD CARE PROPERTY TAX INCENTIVE PROGRAM**

RECITALS

WHEREAS, pursuant to C.R.S. § 30-11-107, The Douglas County Board of County Commissioners (“Board”) has the authority to “establish and administer an incentive program to directly incentivize improvement in an area of specific local concern related to the use of real property in the County in accordance with Section § 30-11-132”; and

WHEREAS, pursuant to C.R.S. § 30-11-132(3)(a), an incentive program must be established by resolution, and pursuant to C.R.S. § 30-11-132(3)(b) the adopted resolution must include that Board of County Commissioners’ findings and determinations regarding the diminishment or unavailability of a use of real property in the County that gives rise to an area of specific local concern that is the basis for the incentive program.; and

WHEREAS, the Board has identified, based on verifiable data, a shortage of licensed childcare facilities within Douglas County, creating an area of specific local concern; and

WHEREAS, this shortage negatively impacts the health, safety, and welfare of County residents; and

WHEREAS, the Board finds that a property tax rebate shall be used to pay for expenses to support the childcare facility’s workforce, improve the property, add resources for children, or otherwise benefit licensed childcare facilities in the County;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY OF DOUGLAS;

SECTION 1: FINDINGS AND DETERMINATIONS

The Board finds and determines that:

1. According to data from the Douglas County Early Childhood Council there is a significant shortage of licensed childcare facilities providing infant (0-18 months) care in Douglas County, with current capacity meeting only approximately 16.6% of the estimated need based on the County's infant population.
2. Douglas County Early Childhood Council data also indicates a shortage of licensed childcare facilities providing toddler (18-36 months) care in Douglas County, with current capacity meeting only approximately 38% of the estimated need based on the County's toddler population.
3. The shortage of licensed childcare facilities directly impacts workforce participation,

economic development, and overall quality of life for County residents.

4. The shortage of licensed childcare facilities represents an area of specific local concern as defined in C.R.S. § 30-11-132(1)(a).

SECTION 2: ESTABLISHMENT OF INCENTIVE PROGRAM

The Douglas County Child Care Provider Property Tax Incentive Program ("Program") is hereby established to provide property tax rebates for both real and personal property to qualified program participants as set forth in this Resolution.

SECTION 3: PROGRAM ELIGIBILITY

To qualify as a Program Participant eligible for a County property tax rebate, an applicant must meet all of the following criteria:

1. Own or lease real property located within Douglas County. For properties where the licensed childcare facility is operated by a person or entity other than the property owner ("Childcare Operator"), the Childcare Operator must submit a copy of the lease and written agreement from the property owner, in a form prescribed by Douglas County, authorizing direct payment of the tax rebate amount to the Childcare Operator;
2. Utilize the property to operate a childcare facility that is currently licensed by the Colorado Department of Early Childhood;
3. Be in good standing with a permanent State license following all requirements and regulations;
4. Have no outstanding tax liabilities to Douglas County;
5. Submit a complete application for participation in the Program as prescribed by the Douglas County Early Childhood Council; and
6. Complete a reporting form to:
 - a. Certify that rebated funds will be used for eligible expenses
 - b. Any additional information deemed necessary by the County.

SECTION 4: TAX CREDIT/REBATE STRUCTURE

1. Any Licensed Child Care Program located in Douglas County who meets criteria listed in Section 3 is eligible for:
 - Tax credit/rebate: 75% of County real and personal property taxes
2. Additional Incentive:
 - Additional 25% for providers offering seats for infants and/or toddlers

SECTION 5: APPLICATION PROCESS

Applications for the Program shall be submitted by September 15, 2025. Rebates for taxes already paid shall be issued within 60 days of application approval.

Program Participants must reapply annually to continue receiving the tax rebate.

SECTION 6: PROGRAM EVALUATION

The Board shall evaluate the Program annually to determine its effectiveness in improving access to licensed childcare facilities in Douglas County. The Program evaluation shall consider:

1. Change in the number of licensed childcare facilities in the County;
2. Change in the total licensed capacity for childcare in the County;
3. Geographic distribution of licensed childcare facilities;
4. Number of Program Participants; and
5. Total financial impact of the Program on County revenues.
6. Other criteria at the discretion of Douglas County.

The results of the annual evaluation shall be presented at a public hearing that includes an opportunity for public testimony.

Based on the evaluation, the Board may renew the Program for not more than one year if it determines that the Program has been and is likely to continue to be effective in addressing the shortage of licensed childcare facilities in the County.

SECTION 7: EFFECTIVE DATE AND DURATION

1. This Resolution shall be effective upon adoption.
2. The Program shall remain in effect for one year from the date of adoption, subject to renewal as provided in Section 6.
3. Program Participants who receive a tax rebate under the Program shall not be required to repay such rebate in the event the Program is not renewed.

PASSED AND ADOPTED this ____ day of _____ 2025, in _____ County, Colorado.

**THE BOARD OF COUNTY COMMISSIONERS
OF THE COUNTY OF DOUGLAS, COLORADO**

BY:

ABE LAYDON, Chair

ATTEST:

HAYLEY HALL, Clerk to the Board