



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-1470/P5
MES:jld

DOA:.....Quinn, BB0268 - Young adult employment assistance refundable
tax credit

FOR 2017-2019 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

This bill creates a refundable individual income tax credit for individuals ages 18 to 21 who were either previously in foster care but aged out at age 18 or previously designated disabled under federal law, as a minor, but lost their disability status resulting from a redetermination at age 18. The credit that may be claimed is equal to 125 percent of the federal earned income tax credit for an individual who has no dependent children and may be claimed without regard to the age requirements for the federal EITC. The bill first applies to taxable years beginning after 2017.

The bill requires DOR to work with DCF and DHS to verify the claims of the claimants. Because the credit is refundable, if the amount of the claim exceeds the claimant's tax liability, DOR will refund the difference to the claimant by check.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 20.835 (2) (cb) of the statutes is created to read:

20.835 (2) (cb) *Young adult employment assistance credit.* A sum sufficient to pay the claims approved under s. 71.07 (8m).

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 2. 71.07 (8m) of the statutes is created to read:

71.07 (8m) YOUNG ADULT EMPLOYMENT ASSISTANCE CREDIT. (a) *Definitions.* In this subsection:

1. "Aged out" means, except as provided in ss. 48.368 and 938.368, an individual is discharged from out-of-home care due to termination of an order under s. 48.355, 48.357, 48.365, 48.427, 938.355, 938.357, or 938.365, made before the individual attains 18 years of age, that places or continues the placement of the individual in out-of-home care; termination of a voluntary transition-to-independent-living agreement under s. 48.366 (3) or 938.366 (3); or termination of a voluntary placement agreement under s. 48.63; any of which occur on the date of any of the following:

a. The date that the individual attains 18 years of age.

b. The date that the individual is granted a high school or high school equivalency diploma, or the date on which the individual attains 19 years of age, whichever occurs first, if the individual is a full-time student at a secondary school or its vocational or technical equivalent and is reasonably expected to complete the program before attaining 19 years of age.

c. The date on which the individual is granted a high school or high school equivalency diploma or the date on which the individual attains 21 years of age, whichever occurs first, if the individual is a full-time student at a secondary school

or its vocational or technical equivalent and if an individualized education program under s. 115.787 is in effect for the individual.

d. The date that an individual who is 18 years of age or over makes a decision to leave out-of-home care and the order is dismissed, the voluntary transition-to-independent-living-agreement is terminated, or the voluntary placement agreement is terminated.

e. The date of termination of an order under s. 48.355, 48.357, 48.365, 48.427, 938.355, 938.357, or 938.365, that provides for the termination one year or less after the date on which the order was entered.

2. "Claimant" means a young adult who files a claim under this subsection.

3. "Earned income tax credit" means the federal basic earned income credit under section 32 (b) (1) (A) to (C) of the Internal Revenue Code for a claimant with no dependent children, and without regard to the age limits under federal law.

4. "Young adult" means an individual who meets one of the following criteria:

a. The individual aged out of out-of-home care without achieving permanency in either of the 2 taxable years prior to the taxable year to which the claim relates, or who did so in the taxable year to which the claim relates.

b. The individual was previously designated as disabled under the supplemental security income program as a minor, but who, in either of the 2 taxable years prior to the year to which the claim relates, or in the taxable year to which the claim relates, lost his or her disability status due to a disability redetermination using the adult disability rules when he or she reaches 18 years of age.

(b) *Filing claims.* Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.02 or 71.08 an amount equal to 125 percent of the earned income tax credit in the year to which the

claim relates, and if the allowable amount of the claim exceeds the income taxes otherwise due on the claimant's income, the amount of the claim not used as an offset against those taxes shall be certified by the department of revenue to the department of administration for payment to the claimant by check, share draft, or other draft drawn from the appropriation account under s. 20.835 (2) (cb).

(c) *Limitations.* 1. No credit may be claimed under this subsection by a part-year resident or a nonresident of this state.

2. No credit may be allowed under this subsection unless it is claimed within the period specified in s. 71.75 (2).

3. No credit may be allowed under this subsection for a taxable year covering a period of less than 12 months, except for a taxable year closed by reason of the death of the taxpayer.

(d) *Administration.* 1. Subsection (9e) (d), to the extent that it applies to the credit under that subsection, applies to the credit under this subsection.

2. The department of revenue and the department of children and families shall work together to verify the claims of individuals described in par. (a) 4. a.

3. The department of revenue and the department of health services shall work together to verify the claims of individuals described in par. (a) 4. b.

SECTION 3. 71.08 (1) (intro.) of the statutes is amended to read:

71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married couple filing jointly, trust, or estate under s. 71.02, not considering the credits under ss. 71.07 (1), (2dx), (2dy), (3m), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (3y), (4k), (5b), (5d), (5e), (5f), (5h), (5i), (5j), (5n), (6), (6e), (8m), (8r), (9e), (9m), and (9r), 71.28 (1dx), (1dy), (2m), (3), (3n), (3t), (3w), and (3y), 71.47 (1dx), (1dy), (2m), (3), (3n), (3t), (3w), and (3y), 71.57 to 71.61, and 71.613 and subch. VIII and payments to other

states under s. 71.07 (7), is less than the tax under this section, there is imposed on that natural person, married couple filing jointly, trust or estate, instead of the tax under s. 71.02, an alternative minimum tax computed as follows:

SECTION 4. 71.10 (4) (i) of the statutes is amended to read:

71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland preservation credit under ss. 71.57 to 71.61, farmland preservation credit, 2010 and beyond under s. 71.613, homestead credit under subch. VIII, farmland tax relief credit under s. 71.07 (3m), dairy manufacturing facility investment credit under s. 71.07 (3p), jobs tax credit under s. 71.07 (3q), meat processing facility investment credit under s. 71.07 (3r), woody biomass harvesting and processing credit under s. 71.07 (3rm), food processing plant and food warehouse investment credit under s. 71.07 (3rn), business development credit under s. 71.07 (3y), film production services credit under s. 71.07 (5f), film production company investment credit under s. 71.07 (5h), young adult employment credit under s. 71.07 (8m), veterans and surviving spouses property tax credit under s. 71.07 (6e), enterprise zone jobs credit under s. 71.07 (3w), beginning farmer and farm asset owner tax credit under s. 71.07 (8r), earned income tax credit under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld under subch. X.

SECTION 9338. Initial applicability; Revenue.

(1) YOUNG ADULT EMPLOYMENT ASSISTANCE CREDIT. The treatment of section 71.07 (8m) of the statutes first applies to taxable years beginning on January 1, 2018.

(END)