



1997 ASSEMBLY BILL 388

May 27, 1997 - Introduced by Representatives R. POTTER, ROBSON, HANSON, RILEY, WASSERMAN, SPRINGER, BOYLE, RYBA, TURNER, BOCK, PLOUFF, NOTESTEIN, BLACK, CARPENTER, HASENOHRL, LA FAVE, MORRIS-TATUM, COGGS, CULLEN, BAUMGART, BALDWIN and L. YOUNG, cosponsored by Senators RISSER, CLAUSING, PLACHE, BURKE, GEORGE and MOORE. Referred to Joint committee on Finance.

1 **AN ACT to repeal** 49.132 (1) (cm), 49.132 (4) (am), 49.155 (1m) (a) 4. a. and 49.155
2 (1m) (a) 4. b.; **to renumber and amend** 49.155 (1m) (a) 4. (intro.); **to amend**
3 48.651 (1) (a), 48.651 (1) (b), 49.131 (2) (c) 2., 49.132 (1) (ag), 49.132 (1) (b),
4 49.132 (2r) (b), 49.132 (4) (a) 2., 49.132 (4) (a) 3., 49.132 (4) (b), 49.136 (7) (a),
5 49.137 (6), 49.143 (2) (a) 8., 49.148 (1m) (a), 49.155 (1m) (c), 49.155 (5), 71.05
6 (6) (a) 15., 71.08 (1) (intro.), 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2) (a) 10.
7 and 77.92 (4); **to repeal and recreate** 20.235 (title); and **to create** 20.235 (1)
8 (cw), 20.445 (3) (ct), 39.385, 49.132 (1) (d), 49.132 (2m) (d) 3., 49.132 (3) (d),
9 49.135, 49.137 (4) (gm), 49.137 (6) (a), 49.325 (4), 71.07 (7g), 71.10 (4) (gc), 71.28
10 (7), 71.30 (3) (ea), 71.47 (7) and 71.49 (1) (ea) of the statutes; **relating to:** the
11 child care worker loan repayment assistance program; early childhood councils;
12 requiring recipients of child care funding to have received training in child
13 development and safety; training and network development for special needs
14 child care providers; eligibility for low-income child care funding recipients; a

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- 1 tax credit for employers who provide child care; funding for child care resource
2 and referral services; granting rule-making authority; and making
3 appropriations.

Analysis by the Legislative Reference Bureau

This bill makes various changes relating to child care.

Early childhood councils

The bill requires the department of industry, labor and job development (DILJD) to provide grants to public agencies or nonprofit organizations for the establishment of local early childhood councils. Membership on a local early childhood council is open to all persons and organizations in the community with a demonstrated interest in or knowledge of child care, early childhood education or other services for young children and their families. A local early childhood council must include parents, child care providers, an elected county official and one or more representatives of a local employer, the local school district, the county department of human services or social services (county department), the local health department and a local child care resource and referral agency. A local early childhood council must do all of the following:

1. Conduct an assessment of child care and early childhood education programs and other services for young children and their families that are available in the community and an assessment of the need for those programs and services in the community.

2. Develop a plan to increase the supply and accessibility of high-quality child care and early childhood education programs in the community; foster coordination and communication between appropriate individuals and organizations in the community to maximize the accessibility and quality of, and to minimize duplication in, the programs and services that are available in the community for young children and their families; and promote and increase public awareness of the characteristics and importance of high-quality child care and early childhood education for young children.

3. Advise the county department on the development of the county's proposed budget for the expenditure of child care funding.

Child development and safety training

Under current law, DILJD distributes general purpose revenues, as community aids, and federal child care grant moneys to counties for child care services for parents who are gainfully employed and who need child care services in order to work (low-income child care) and for parents who need child care to be able to work, who are not receiving aid to families with dependent children (AFDC) and who are at risk of becoming eligible for AFDC, which is defined as having a family income that is equal to or less than 75% of the state median income (at-risk child care). Under current law, DILJD also administers various child care grant programs including a child care start-up and expansion grant program and a child care quality

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improvement grant program. This bill requires a person and all employees of that person who provide care and supervision for children to have received not less than 20 hours of training in child care and development before that person may receive funding for providing at-risk or low-income child care or a child care start-up and expansion grant or a child care quality improvement grant.

Special needs child care

Under current law, DILJD may contract with agencies for the provision of training and technical assistance to improve the quality of child care in this state. Currently, the training and technical assistance activities contracted for by DILJD may include certain activities specified in the statutes, including developing resources to provide child care in a generic setting for children with special needs. This bill permits the training and technical assistance activities contracted for by DILJD to include providing training to child care providers in providing child care for children with special needs and developing a network of child providers who are qualified to provide child care for children with special needs.

Eligibility for low-income and at-risk child care funding

Under current law, to be eligible to receive low-income child care funding, a person must be gainfully employed, which is defined as working or seeking employment, except that a person under 20 years of age is eligible if that person is enrolled in an educational program. Also, under current law, priority for low-income child care funding goes to persons whose family income is less than 165% of the poverty line. This bill expands eligibility for low-income child care to persons of all ages who are participating in a training or education program that is designed to lead directly to paid employment. The bill also raises the eligibility threshold for at-risk child care and the priority threshold for low-income child care to 85% of the state median income.

Child care copayment requirement

Under current law, a parent who receives at-risk or low-income child care funding must make copayments for the cost of child care received, in accordance with a sliding scale formula provided by DILJD that is based on the parent's ability to pay. This bill directs DILJD, in providing that sliding scale formula, not to require any parent to pay more than 10% of his or her family income for the cost of child care received.

Child care worker loan repayment assistance

This bill creates a child care worker loan repayment assistance program. Under the program, a child care worker is reimbursed for 10% of the outstanding principal amount of educational loans of the child care worker or \$1,000, whichever is less, if all of the following apply:

1. The child care worker has been continuously employed full-time in this state as a child care worker for not less than 12 months.
2. The child care worker graduated on or after May 1, 1996, with a degree in an area relating to early childhood education.
3. The child care worker is currently in repayment on any educational loan and is not in default on repayment.

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After initial reimbursement under the program, a child care worker is eligible for additional loan repayment assistance payments, up to a maximum of 4 additional reimbursements, in the same manner as initial reimbursement under the program.

Child care resource and referral services

Under current law, DILJD is required to distribute, from federal child care and development block grant (CCDBG) moneys received, \$96,000 in each of fiscal years 1995-96 and 1996-97 for grants for child care resource and referral services. This bill directs (DILJD) to distribute, from federal CCDBG moneys received, \$1,781,000 in fiscal year 1997-98 and \$1,870,000 in fiscal year 1998-99 for grants for child care resource and referral services.

Wisconsin works child care

Under current law, to be eligible for child care assistance under the Wisconsin works (W-2) program, an individual must have an income of no more than 165% of the federal poverty level. Also, the child care must be needed in order for the individual to do any of the following:

1. Meet the school attendance requirement under the learnfare program.
2. Work in an unsubsidized job, including training provided by an employer during the regular hours of employment.
3. Work in a W-2 employment position, including required participation in education or training activities.
4. Participate in other employment skills training, including an English as a 2nd language course, if the W-2 agency determines that the course would facilitate the individual's efforts to obtain employment; a course of study meeting the standards established by the secretary of education for the granting of a declaration of equivalency of high school graduation; a course of study at a technical college; or participation in educational courses that provide an employment skill, as determined by DILJD.

An individual may receive aid to participate in other employment skills training for up to one year and only if the individual meets at least one of the following conditions:

1. The individual has been employed in unsubsidized employment for 9 consecutive months and continues to be so employed.
2. The individual is a participant in a W-2 employment position.

This bill expands eligibility for child care assistance under W-2 to individuals who are participating in other employment skills training regardless of whether they are currently employed. The bill also raises the financial eligibility threshold from 165% of the federal poverty level to 85% of the state median income.

Other Wisconsin works

Currently, an eligible custodial parent of a child who is 12 weeks old or less may receive a monthly grant of \$555 without being required to participate in any employment positions. This bill increases the permissible age of the child to one year.

Tax credits

Finally, the bill creates an income tax and franchise tax credit for 5% of child care costs, up to a maximum annual credit of \$15,000. The expenses that may be

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counted in calculating the credit are those of acquiring, constructing and rehabilitating child care facilities; operating costs of day care facilities; and amounts paid under a contract for child care services for the claimant's employes.

For further information see the *state and local* 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:

1 **SECTION 1.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
2 the following amounts for the purposes indicated:

			1997-98	1998-99
20.235 Higher educational aid programs				
(1) STUDENT SUPPORT ACTIVITIES				
(cw) Child care worker loan repay-				
ment assistance	GPR	B	50,000	50,000

8 **20.445 Industry, labor and job development,**
9 **department of**

(3) ECONOMIC SUPPORT				
(ct) Local early childhood council				
grants	GPR	C	100,000	100,000

13 **SECTION 2.** 20.235 (title) of the statutes is repealed and recreated to read:

14 **20.235 (title) Higher educational aid programs.**

15 **SECTION 3.** 20.235 (1) (cw) of the statutes is created to read:

16 20.235 (1) (cw) *Child care worker loan repayment assistance.* Biennially, the
17 amounts in the schedule for the child care worker loan repayment assistance
18 program under s. 39.385.

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1 **SECTION 4.** 20.445 (3) (ct) of the statutes is created to read:

2 20.445 (3) (ct) *Local early childhood council grants.* As a continuing
3 appropriation, the amounts in the schedule for grants for local early childhood
4 councils under s. 49.135.

5 **SECTION 5.** 39.385 of the statutes is created to read:

6 **39.385 Child care worker loan repayment assistance program.** (1) In
7 this section, “agency” means the agency responsible for administering the program
8 under this section.

9 (2) There is established, to be administered by the agency, a loan repayment
10 assistance program for resident child care workers who meet all of the following
11 requirements:

12 (a) Have graduated on or after May 1, 1996, with a bachelor’s degree from an
13 institution of higher education, as defined in s. 39.32 (1) (a), located in this state or
14 a degree under an associate degree program, as defined in s. 38.01 (1), in an area
15 relating to early childhood education.

16 (b) Are currently in loan repayment on any student loan, which loan repayment
17 status is not in default, as determined by the applicable lender.

18 (c) Have been continuously employed on a full-time basis in this state for at
19 least 12 months as a child care worker.

20 (3) The agency shall:

21 (a) Reimburse a child care worker for 10% of the outstanding principal amount
22 of any student loans of the child care worker or \$1,000, whichever is less, for the
23 12-month period of eligibility under sub. (2). As a condition of eligibility for loan
24 repayment assistance under this paragraph, the child care worker shall submit to
25 the agency, on a form prescribed by the agency, a statement certified by the lender

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1 of an applicable student loan, within 30 days previous to the filing of the submission,
2 that the loan repayment status of the borrower is not in default and the outstanding
3 principal amount of the applicable student loan.

4 (b) For each succeeding 12-month period of eligibility under sub. (2), reimburse
5 the child care worker as determined under par. (a). No child care worker is eligible
6 for more than 5 loan repayment assistance payments under this section.

7 (c) Make the loan repayment assistance payments under pars. (a) and (b) from
8 the appropriation account under s. 20.235 (1) (cw) subject to the availability of funds.

9 (d) Promulgate rules to implement and administer this section, including rules
10 establishing the criteria and procedures for loan repayment assistance and, after
11 first consulting with the department of health and family services, defining "child
12 care worker" for the purposes of this section. The definition of "child care worker"
13 shall include any child care position specified in rules of the department of health and
14 family services relating to day care and family day care centers for children.

15 **SECTION 6.** 48.651 (1) (a) of the statutes is amended to read:

16 48.651 (1) (a) Level I certified family day care providers, as established by the
17 department under s. 46.03 (21). No county may certify a provider under this
18 paragraph if the provider is a relative of all of the children for whom he or she
19 provides care. In establishing the requirements for certification under this
20 paragraph, the department shall include a requirement that providers have at least
21 20 hours of training in child development and safety. The department may establish
22 by rule other requirements for certification under this paragraph.

23 **SECTION 7.** 48.651 (1) (b) of the statutes is amended to read:

24 48.651 (1) (b) Level II certified family day care providers, as established by the
25 department under s. 46.03 (21). In establishing the requirements for certification

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1 under this paragraph, the department ~~may not~~ shall include a requirement for
2 training for that providers have at least 20 hours of training in child development
3 and safety. The department may establish by rule requirements for certification
4 under this paragraph.

5 **SECTION 8.** 49.131 (2) (c) 2. of the statutes is amended to read:

6 49.131 (2) (c) 2. For grants under s. 49.134 (2) for child day care resource and
7 referral services, ~~\$960,000~~ \$1,781,000 in fiscal year ~~1995-96~~ 1997-98 and ~~\$960,000~~
8 \$1,870,000, in fiscal year ~~1996-97~~ 1998-99.

9 **SECTION 9.** 49.132 (1) (ag) of the statutes is amended to read:

10 49.132 (1) (ag) "At risk of becoming eligible for aid to families with dependent
11 children" means having a family income that is equal to or less than ~~75%~~ 85% of the
12 state median income as determined by the department annually.

13 **SECTION 10.** 49.132 (1) (b) of the statutes is amended to read:

14 49.132 (1) (b) "Gainfully employed" means working or ~~or~~ seeking employment
15 or participating in a training or educational program designed to lead directly to paid
16 employment.

17 **SECTION 11.** 49.132 (1) (cm) of the statutes is repealed.

18 **SECTION 12.** 49.132 (1) (d) of the statutes is created to read:

19 49.132 (1) (d) "Working" includes participation in the job opportunities and
20 basic skills program under s. 49.193 and participation in a Wisconsin works
21 employment position, as defined in s. 49.141 (1) (r).

22 **SECTION 13.** 49.132 (2m) (d) 3. of the statutes is created to read:

23 49.132 (2m) (d) 3. No funds distributed under sub. (2) for at-risk child care may
24 be used to pay for child care services unless the person to whom the payment is made

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1 and all employes of that person who provide care and supervision for children have
2 received not less than 20 hours of training in child development and safety.

3 **SECTION 14.** 49.132 (2r) (b) of the statutes is amended to read:

4 49.132 (2r) (b) A parent who receives aid under sub. (2m) is liable for the cost
5 of child care received, payable in accordance with a sliding scale formula provided
6 by the department that is based on the parent's ability to pay. In providing that
7 sliding scale formula, the department may not require any parent to pay more than
8 10% of his or her family income for the cost of child care received.

9 **SECTION 15.** 49.132 (3) (d) of the statutes is created to read:

10 49.132 (3) (d) No funds distributed under sub. (2) for low-income child care
11 may be used to pay for child care services unless the person to whom the payment
12 is made and all employes of that person who provide care and supervision for
13 children have received not less than 20 hours of training in child development and
14 safety.

15 **SECTION 16.** 49.132 (4) (a) 2. of the statutes is amended to read:

16 49.132 (4) (a) 2. ~~Except as provided in par. (am), a~~ A parent who is gainfully
17 employed, ~~or who is less than 20 years of age and is enrolled in an educational~~
18 ~~program,~~ who is in need of child care services and whose family income is equal to
19 or less than ~~75%~~ 85% of the state median income. The department shall annually
20 determine the state median income.

21 **SECTION 17.** 49.132 (4) (a) 3. of the statutes is amended to read:

22 49.132 (4) (a) 3. A parent who is gainfully employed, who is in need of child care
23 services and whose family income is greater than ~~75%~~ 85% of the state median
24 income to the extent determined annually by the department. The department shall
25 annually determine the state median income.

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1 **SECTION 18.** 49.132 (4) (am) of the statutes is repealed.

2 **SECTION 19.** 49.132 (4) (b) of the statutes is amended to read:

3 49.132 (4) (b) Parents receiving aid under sub. (3) are liable for the cost of child
4 care received, payable in accordance with a ~~schedule developed~~ sliding scale formula
5 provided by the department based on ability to pay. In providing that sliding scale
6 formula, the department may not require any parent to pay more than 10% of his or
7 her family income for the cost of child care received.

8 **SECTION 20.** 49.135 of the statutes is created to read:

9 **49.135 Local early childhood council grants.** (1) **PURPOSE.** From the
10 appropriation under s. 20.445 (3) (ct), the department shall provide grants, awarded
11 under sub. (2), to public agencies or private, nonprofit organizations for the
12 establishment or operation, or both, of local early childhood councils.

13 (2) **GRANT AWARDS; AMOUNTS.** (a) Grants shall be awarded by a body consisting
14 of 2 representatives of the department of health and family services, 2
15 representatives of the department of industry, labor and job development and 2
16 representatives of the department of public instruction.

17 (b) A grant may be awarded only to an applicant that agrees to match the grant
18 or to secure a match from local sources, through money or in-kind services, or both,
19 as follows:

20 1. During the first year of the grant, in the amount of at least 25% of the amount
21 received for that year.

22 2. During the 2nd and subsequent years of the grant, in the amount of at least
23 50% of the amount received for each year.

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1 (c) Each grant application shall include proof of the applicant's ability to comply
2 with par. (b). Any in-kind services proposed under par. (b) are subject to the approval
3 of the body awarding grants under par. (a).

4 **(3) GRANT AWARDS; CRITERIA.** In evaluating applications for grants, the body
5 under sub. (2) (a) shall give priority to proposals that involve the planning and
6 participation of multiple individuals and organizations, including child care
7 providers, as defined in s. 49.001 (1), employers, parents, head start agencies
8 designated under 42 USC 9836, child care resource and referral service grant
9 recipients under s. 49.134, school districts, private schools, counties, cities, villages,
10 towns, tribal governments, providers of early childhood education, early childhood
11 family education center grant recipients under s. 48.982 (6), right from the start
12 grant recipients under s. 48.982 (7), the Wisconsin works community steering
13 committee under s. 49.143 (2) (a) and other individuals and organizations that have
14 a demonstrated interest in or knowledge of child care, early childhood education or
15 other services for young children and their families.

16 **(4) USE OF FUNDS; FUNCTIONS OF LOCAL EARLY CHILDHOOD COUNCILS.** Any amounts
17 granted under this section shall be used for the establishment or operation, or both,
18 of a local early childhood council. A local early childhood council funded under this
19 section shall do all of the following:

20 (a) Designate an individual to serve as the facilitator of the local early
21 childhood council.

22 (b) Conduct an assessment of child care and early childhood education
23 programs and other services for young children and their families that are available
24 in the community and an assessment of the need for those programs and services in
25 the community.

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1 (c) Develop a plan to do all of the following:

2 1. Increase the supply and accessibility of high-quality child care and early
3 childhood education programs in the community.

4 2. Foster coordination and communication between providers of child care and
5 early childhood education, employers, the local public schools, parents, the
6 Wisconsin works community steering committee under s. 49.143 (2) (a) and other
7 appropriate individuals and organizations in the community to maximize the
8 accessibility and quality of, and to minimize duplication in, the programs and
9 services that are available in the community for young children and their families.

10 3. Promote and increase public awareness of the characteristics and
11 importance of high-quality child care and early childhood education for young
12 children.

13 (d) Advise the county department under s. 46.215, 46.22 or 46.23 on the
14 development of the county department's proposed budget for the expenditure of
15 funds allocated under ss. 49.13 and 49.131.

16 (5) MEMBERSHIP OF LOCAL EARLY CHILDHOOD COUNCILS. Membership on a local
17 early childhood council funded under this section shall be open to all persons and
18 organizations in the community with a demonstrated interest in or knowledge of
19 child care, early childhood education or other services for young children and their
20 families and shall include all of the following persons as members:

21 (a) One or more parents of young children.

22 (b) One or more providers of family child care.

23 (c) One or more providers of center-based child care.

24 (d) One elected county official.

25 (e) One or more representatives of each of the following:

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- 1 1. A local employer.
- 2 2. The local school district.
- 3 3. The county department receiving child care funds under s. 49.132 or 49.145
- 4 and any entity administering those funds if different from the county department.
- 5 4. The local health department, as defined in s. 250.01 (4).
- 6 5. A local agency providing child care resource and referral services funded by
- 7 a grant under s. 49.134.

8 **(6) RULES.** The department, in consultation with the department of public
9 instruction, shall promulgate rules to implement this section.

10 **SECTION 21.** 49.136 (7) (a) of the statutes is amended to read:

11 49.136 **(7)** (a) The department shall establish guidelines for eligibility for a
12 grant under this section. In establishing those guidelines, the department shall
13 provide that no person may be awarded a grant under this section unless that person
14 and all employes of that person who provide care and supervision for children have
15 received not less than 20 hours of training in child development and safety. The
16 department need not promulgate those guidelines as rules under ch. 227.

17 **SECTION 22.** 49.137 (4) (gm) of the statutes is created to read:

18 49.137 **(4)** (gm) Providing training to child care providers in providing child
19 care for children with special needs and developing a network of child care providers
20 who are qualified to provide child care for children with special needs.

21 **SECTION 23.** 49.137 (6) of the statutes is amended to read:

22 49.137 **(6)** GRANT ADMINISTRATION. (b) The department may administer the
23 grant application processes under subs. (2) and (3) or contract for the administration
24 of that process.

25 **SECTION 24.** 49.137 (6) (a) of the statutes is created to read:

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1 49.137 **(6)** (a) The department shall establish guidelines for eligibility for a
2 grant under this section. In establishing those guidelines, the department shall
3 provide that no person may be awarded a grant under sub. (2) or (3) unless that
4 person and all employes of that person who provide care and supervision for children
5 have received not less than 20 hours of training in child development and safety. The
6 department need not promulgate those guidelines as rules under ch. 227.

7 **SECTION 25.** 49.143 (2) (a) 8. of the statutes is amended to read:

8 49.143 **(2)** (a) 8. Work with participants, employers, child care providers, the
9 local early childhood council under s. 49.135 and the community to identify child care
10 needs, improve access to child care and expand availability of child care.

11 **SECTION 26.** 49.148 (1m) (a) of the statutes is amended to read:

12 49.148 **(1m)** (a) A custodial parent of a child who is ~~12-weeks-old~~ one year old
13 or less and who meets the eligibility requirements under s. 49.145 (2) and (3) may
14 receive a monthly grant of \$555. A Wisconsin works agency may not require a
15 participant under this subsection to participate in any employment positions.
16 Receipt of a grant under this subsection does not constitute participation in a
17 Wisconsin works employment position for purposes of the time limits under s. 49.145
18 (2) (n) or 49.147 (3) (c), (4) (b) or (5) (b) 2. if the child is born to the participant not more
19 than 10 months after the date that the participant was first determined to be eligible
20 for assistance under s. 49.19 or for a Wisconsin works employment position.

21 **SECTION 27.** 49.155 (1m) (a) 4. (intro.) of the statutes is renumbered 49.155
22 (1m) (a) 4. and amended to read:

23 49.155 **(1m)** (a) 4. Participate in other employment skills training, including
24 an English as a 2nd language course, if the Wisconsin works agency determines that
25 the course would facilitate the individual's efforts to obtain employment; a course of

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1 study meeting the standards established by the secretary of education under s.
2 115.29 (4) for the granting of a declaration of equivalency of high school graduation;
3 a course of study at a technical college; or participation in educational courses that
4 provide an employment skill, as determined by the department. An individual may
5 receive aid under this subdivision for up to one year. ~~An individual may not receive~~
6 ~~aid under this subdivision unless the individual meets at least one of the following~~
7 ~~conditions:~~

8 **SECTION 28.** 49.155 (1m) (a) 4. a. of the statutes is repealed.

9 **SECTION 29.** 49.155 (1m) (a) 4. b. of the statutes is repealed.

10 **SECTION 30.** 49.155 (1m) (c) of the statutes is amended to read:

11 49.155 **(1m)** (c) The gross income of the individual's family is at or below ~~165%~~
12 ~~of the poverty line for a family the size of the individual's family~~ 85% of the state
13 median income. In calculating the gross income of the family, the Wisconsin works
14 agency shall include income described under s. 49.145 (3) (b) 1. to 3. The department
15 shall annually calculate the state median income.

16 **SECTION 31.** 49.155 (5) of the statutes is amended to read:

17 49.155 **(5)** LIABILITY FOR PAYMENT. An individual receiving aid under this section
18 is liable for the a percentage of the cost of the child care that received, payable in
19 accordance with a sliding scale formula developed by the department specified based
20 on ability to pay. In developing the sliding scale formula, the department may not
21 require any individual to pay more than 10% of the individual's family's income for
22 the cost of the child care received.

23 **SECTION 32.** 49.325 (4) of the statutes is created to read:

24 49.325 **(4)** PLANS FOR COUNTY COMMUNITY AIDS BUDGETS. In developing its
25 proposed budget for the expenditure of funds allocated under ss. 49.13 and 49.131,

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1 a county department under s. 46.215, 46.22 or 46.23, in addition to using the open
2 public participation process under sub. (3), shall consult with any local early
3 childhood council established under s. 49.135 within the county.

4 **SECTION 33.** 71.05 (6) (a) 15. of the statutes is amended to read:

5 71.05 **(6)** (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
6 (2di), (2dj), (2dL), (2dr) ~~and~~, (2ds) and (7g) and not passed through by a partnership,
7 limited liability company or tax-option corporation that has added that amount to
8 the partnership's, company's or tax-option corporation's income under s. 71.21 (4) or
9 71.34 (1) (g).

10 **SECTION 34.** 71.07 (7g) of the statutes is created to read:

11 71.07 **(7g)** CHILD CARE CREDIT. (a) In this subsection:

12 1. "Qualified child care expenditures" means any amount that is not used in
13 calculating the credit under sub. (2dd) and that is paid to acquire, construct or
14 rehabilitate property that is to be used as part of a qualified child care facility of the
15 claimant, if the property may be depreciated or amortized under this subchapter and
16 if the property is not part of the principal residence of the claimant or any employe
17 of the claimant plus any amount paid for the operating costs of a qualified child care
18 facility of the claimant, including costs related to training employes, to scholarship
19 programs and to providing increased compensation to employes who have higher
20 levels of child care training plus any amount paid under a contract with a child care
21 facility to provide child care services to employes of the claimant plus any amount
22 paid under a contract to provide child care resource and referral services to employes
23 of the claimant.

24 2. "Qualified child care facility" means a facility the principal use of which is
25 to provide child care assistance, unless the facility is the operator's principal

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1 residence, and that fulfills the requirements of all applicable laws of this state and
2 that is either licensed under s. 48.65 or 48.69, that is open to enrollment to children
3 of employes of the claimant, that is not the claimant's principal trade or business,
4 unless at least 30% of the enrollees are children of the claimant, and that does not
5 discriminate in enrollment in favor of children of employes of the claimant who are
6 highly compensated employes, as defined in section 414 (q) of the Internal Revenue
7 Code.

8 (b) Any person may claim as a credit against taxes otherwise due under this
9 subchapter 5% of that person's qualified child care expenditures, except that the
10 credit may not exceed \$15,000 in any year.

11 **SECTION 35.** 71.08 (1) (intro.) of the statutes is amended to read:

12 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
13 couple filing jointly, trust or estate under s. 71.02, not considering the credits under
14 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2fd), (3m), (6), (7g) and (9e),
15 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1fd) and, (2m) and (7) and 71.47 (1dd),
16 (1de), (1di), (1dj), (1dL), (1ds), (1fd) and, (2m) and (7) and subchs. VIII and IX and
17 payments to other states under s. 71.07 (7), is less than the tax under this section,
18 there is imposed on that natural person, married couple filing jointly, trust or estate,
19 instead of the tax under s. 71.02, an alternative minimum tax computed as follows:

20 **SECTION 36.** 71.10 (4) (gc) of the statutes is created to read:

21 71.10 (4) (gc) Child care credit under s. 71.07 (7g).

22 **SECTION 37.** 71.21 (4) of the statutes is amended to read:

23 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),
24 (2dj), (2dL) and, (2ds) and (7g) and passed through to partners or members shall be
25 added to the partnership's or limited liability company's income.

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1 **SECTION 38.** 71.26 (2) (a) of the statutes is amended to read:

2 71.26 (2) (a) *Corporations in general.* The “net income” of a corporation means
3 the gross income as computed under the internal revenue code as modified under
4 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
5 computed under s. 71.28 (1) and (3) to (5) plus the amount of the credit computed
6 under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL) ~~and~~, (1ds) and (7) and not passed
7 through by a partnership, limited liability company or tax-option corporation that
8 has added that amount to the partnership’s, limited liability company’s or tax-option
9 corporation’s income under s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from
10 the sale or other disposition of assets the gain from which would be wholly exempt
11 income, as defined in sub. (3) (L), if the assets were sold or otherwise disposed of at
12 a gain and minus deductions, as computed under the internal revenue code as
13 modified under sub. (3), plus or minus, as appropriate, an amount equal to the
14 difference between the federal basis and Wisconsin basis of any asset sold,
15 exchanged, abandoned or otherwise disposed of in a taxable transaction during the
16 taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

17 **SECTION 39.** 71.28 (7) of the statutes is created to read:

18 71.28 (7) CHILD CARE CREDIT. (a) In this subsection:

19 1. “Qualified child care expenditures” means any amount that is not used in
20 calculating the credit under sub. (1dd) and that is paid to acquire, construct or
21 rehabilitate property that is to be used as part of a qualified child care facility of the
22 claimant, if the property may be depreciated or amortized under this subchapter and
23 if the property is not part of the principal residence of the claimant or any employe
24 of the claimant plus any amount paid for the operating costs of a qualified child care
25 facility of the claimant, including costs related to training employes, to scholarship

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1 programs and to providing increased compensation to employes who have higher
2 levels of child care training plus any amount paid under a contract with a child care
3 facility to provide dependent care services to employes of the claimant plus any
4 amount paid under a contract to provide child care resource and referral services to
5 employes of the claimant.

6 2. "Qualified child care facility" means a facility the principal use of which is
7 to provide child care assistance, unless the facility is the operator's principal
8 residence, and that fulfills the requirements of all applicable laws of this state and
9 that is either licensed under s. 48.65 or 48.69, that is open to enrollment to children
10 of employes of the claimant, that is not the claimant's principal trade or business,
11 unless at least 30% of the enrollees are children of the claimant and that does not
12 discriminate in enrollment in favor of children employes of the claimant who are
13 highly compensated employes, as defined in section 414 (q) of the Internal Revenue
14 Code.

15 (b) Any person may claim as a credit against taxes otherwise due under this
16 subchapter 5% of that person's qualified child care expenditures, except that the
17 credit may not exceed \$15,000 in any year.

18 **SECTION 40.** 71.30 (3) (ea) of the statutes is created to read:

19 71.30 (3) (ea) Child care credit under s. 71.28 (7).

20 **SECTION 41.** 71.34 (1) (g) of the statutes is amended to read:

21 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
22 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL) ~~and~~, (1ds) and (7) and
23 passed through to shareholders.

24 **SECTION 42.** 71.45 (2) (a) 10. of the statutes is amended to read:

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1 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
2 computed under s. 71.47 (1dd) to (1ds) and (7) and not passed through by a
3 partnership, limited liability company or tax-option corporation that has added that
4 amount to the partnership's, limited liability company's or tax-option corporation's
5 income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under
6 s. 71.47 (1), (3), (4) and (5).

7 **SECTION 43.** 71.47 (7) of the statutes is created to read:

8 71.47 (7) CHILD CARE CREDIT. (a) In this subsection:

9 1. "Qualified child care expenditures" means any amount that is not used in
10 calculating the credit under sub. (1dd) and that is paid to acquire, construct or
11 rehabilitate property that is to be used as part of a qualified child care facility of the
12 claimant, if the property may be depreciated or amortized under this subchapter and
13 if the property is not part of the principal residence of the claimant or any employe
14 of the claimant plus any amount paid for the operating costs of a qualified child care
15 facility of the claimant, including costs related to training employes, to scholarship
16 programs and to providing increased compensation to employes who have higher
17 levels of child care training plus any amount paid under a contract with a child care
18 facility to provide child care services to employes of the claimant plus any amount
19 paid under a contract to provide child care resource and referral services to employes
20 of the claimant.

21 2. "Qualified child care facility" means a facility the principal use of which is
22 to provide child care assistance, unless the facility is the operator's principal
23 residence, and that fulfills the requirements of all applicable laws of this state and
24 that is either licensed under s. 48.65 or 48.69, that is open to enrollment to children
25 of employes of the claimant, that is not the claimant's principal trade or business,

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1 unless at least 30% of the enrollees are children of the claimant and that does not
2 discriminate in enrollment in favor of children of employes of the claimant who are
3 highly compensated employes, as defined in section 414 (q) of the Internal Revenue
4 Code.

5 (b) Any person may claim as a credit against taxes otherwise due under this
6 subchapter 5% of that person's qualified child care expenditures, except that the
7 credit may not exceed \$15,000 in any year.

8 **SECTION 44.** 71.49 (1) (ea) of the statutes is created to read:

9 71.49 (1) (ea) Child care credit under s. 71.47 (7).

10 **SECTION 45.** 77.92 (4) of the statutes is amended to read:

11 77.92 (4) "Net business income", with respect to a partnership or limited
12 liability company, means taxable income as calculated under section 703 of the
13 internal revenue code; plus the items of income and gain under section 702 of the
14 internal revenue code; minus the items of loss and deduction under section 702 of the
15 internal revenue code; plus payments treated as not made to partners under section
16 707 (a) of the internal revenue code; plus the credits claimed under s. 71.07 (2dd),
17 (2de), (2di), (2dj), (2dL), (2dr) ~~and~~ (2ds) and (7g); but excluding income, gain, loss and
18 deductions from farming. "Net business income", with respect to a natural person,
19 estate or trust, means profit from a trade or business for federal income tax purposes
20 and includes net income derived as an employe as defined in section 3121 (d) (3) of
21 the internal revenue code.

22 **SECTION 46. Appropriation changes.**

23 (1) In the schedule under section 20.005 (3) of the statutes for the appropriation
24 to the department of public instruction under section 20.255 (1) (a) of the statutes,
25 as affected by the acts of 1995, the dollar amount is increased by \$8,400 for fiscal year

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1 1996-97 to increase the authorized FTE positions for the department by 0.5 position
2 for the purpose of administering the child care worker loan repayment assistance
3 program.

4 **SECTION 47. Initial applicability.**

5 (1) CHILD CARE CREDIT. The treatment of sections 71.05 (6) (a) 15., 71.08 (1)
6 (intro.), 71.07 (7g), 71.10 (4) (gc), 71.21 (4), 71.26 (2) (a), 71.28 (7), 71.30 (3) (ea), 71.34
7 (1) (g), 71.45 (2) (a) 10., 71.47 (7), 71.49 (1) (ea) and 77.92 (4) of the statutes first
8 applies to taxable years beginning on January 1 of the year in which this subsection
9 takes effect, except that if this subsection takes effect on or after August 1, the
10 treatment of those sections first applies to taxable years beginning on January 1 of
11 the year after the year in which this subsection takes effect.

12 (END)