



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-4707/1
MES:ahe

2017 SENATE BILL 528

November 8, 2017 - Introduced by Senators TESTIN, WIRCH, CARPENTER, JOHNSON, BEWLEY, LARSON and L. TAYLOR, cosponsored by Representatives SKOWRONSKI, BROSTOFF, ROHRKASTE, NOVAK, KULP, HORLACHER, ANDERSON, KITCHENS, SUBECK, CONSIDINE, NYGREN, RIPP, TUSLER, KOLSTE, DOYLE, MEYERS, SINICKI, TITTL and BERCEAU. Referred to Committee on Workforce Development, Military Affairs and Senior Issues.

- 1 **AN ACT** *to create* 71.07 (8m) and 71.10 (4) (cs) of the statutes; **relating to:**
2 creating a nonrefundable individual income tax credit for certain expenses
3 incurred by a family caregiver to assist a qualified family member.

Analysis by the Legislative Reference Bureau

This bill creates a nonrefundable individual income tax credit for qualified expenses incurred by a family caregiver (claimant) to assist a qualified family member. Subject to a number of limitations, a claimant may claim 50 percent of the costs of qualified expenses the claimant paid for in the year to which the claim relates. These expenses include amounts spent to improve the claimant's primary residence to assist the family member, equipment to help the family member with daily living activities, and obtaining other goods or services to help the claimant care for the family member. To be qualified, a family member must be at least 18 years of age, must require assistance with one or more daily living activities as certified by a physician, and must be the claimant's spouse or related to the claimant by blood, marriage, or adoption within the third degree of kinship.

The maximum amount of credit that may be claimed each year for a particular family member is \$1,000. If more than one claimant may file a claim related to that family member, the amount of credit each may claim is based on the percentage of the family member's qualified expenses for which each claimant paid during the year. No credit may be claimed by a claimant who is single, or married and filing separately, whose Wisconsin adjusted gross income in the year to which the claim relates exceeds \$75,000 or, if the claimant is married and files jointly, \$150,000.

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Generally under the bill, qualified expenses may not include general food, clothing, transportation, or household repair costs, or amounts that are paid or reimbursed by an insurance company or the government. Because the credit is nonrefundable, it may be claimed only up to the amount of the claimant's tax liability.

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:

1 **SECTION 1.** 71.07 (8m) of the statutes is created to read:

2 71.07 **(8m)** FAMILY CAREGIVER TAX CREDIT. (a) *Definitions.* In this subsection:

3 1. "Claimant" means an individual who files a claim under this subsection for
4 amounts paid for qualified expenses to benefit a qualified family member.

5 2. "Physician" has the meaning given in s. 36.60 (1) (b).

6 3. "Qualified expenses" means amounts paid by a claimant in the year to which
7 the claim relates for items that relate directly to the care or support of a qualified
8 family member, including the following:

9 a. The improvement or alteration of the claimant's primary residence to enable
10 or assist the qualified family member to be mobile, safe, or independent.

11 b. The purchase or lease of equipment to enable or assist the qualified family
12 member to carry out one or more activities of daily living.

13 c. The acquisition of goods or services, or support, to assist the claimant in
14 caring for the qualified family member, including employing a home care aide or
15 personal care attendant, adult day care, transportation, legal or financial services,
16 or assistive care technology.

17 4. "Qualified family member" means an individual to whom all of the following
18 apply:

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1 a. The individual is at least 18 years of age during the taxable year to which
2 the claim relates.

3 b. The individual requires assistance with one or more daily living activities,
4 as certified in writing by a physician.

5 c. The individual is the claimant's family member, as defined in s. 46.2805 (6m).

6 (b) *Filing claims.* For taxable years beginning after December 31, 2017, and
7 subject to the limitations provided in this subsection, a claimant may claim as a
8 credit against the tax imposed under s. 71.02, up to the amount of those taxes, 50
9 percent of the claimant's qualified expenses.

10 (c) *Limitations.* 1. If the claimant is a single individual, head of household, or
11 married and filing separately, no claim may be filed under this subsection if the
12 claimant's adjusted gross income exceeds \$75,000 in the taxable year to which the
13 claim relates.

14 2. If the claimant is married and filing jointly, no claim may be filed under this
15 subsection if the claimant's adjusted gross income exceeds \$150,000 in the taxable
16 year to which the claim relates.

17 3. If the claimant is married and filing separately, only one spouse may claim
18 the credit under this subsection.

19 4. The maximum credit that may be claimed under this subsection each taxable
20 year with regard to a particular qualified family member, is \$1,000. If more than one
21 individual may file a claim under this subsection for a particular qualified family
22 member, the maximum credit specified in this subdivision shall be apportioned
23 among all eligible claimants based on the ratio of their qualified expenses to the total
24 amount of all qualified expenses incurred on behalf of that particular qualified
25 family member, as determined by the department.

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

3 6. No credit may be claimed under this subsection by nonresidents or part-year
4 residents of this state.

5 7. Qualified expenses may not include any of the following:

6 a. General food, clothing, or transportation expenses.

7 b. Ordinary household maintenance or repair expenses that are not directly
8 related or necessary for the care of the qualified family member.

9 c. Any amount that is paid or reimbursed under an insurance policy, by the
10 federal government, by this state, or by a political subdivision of this state.

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

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

16 **SECTION 2.** 71.10 (4) (cs) of the statutes is created to read:

17 71.10 (4) (cs) Family caregiver tax credit under s. 71.07 (8m).

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(END)