



1999 ASSEMBLY BILL 166

March 4, 1999 – Introduced by Representatives BLACK, POWERS, CARPENTER, SINICKI, J. LEHMAN, RYBA, BOCK, HASENOHRL, POCAN, LASSA, MEYER, SCHOOFF, CULLEN, PLOUFF and BOYLE, cosponsored by Senators ROBSON, BAUMGART, PLACHE, RISSER, ERPENBACH and CLAUSING. Referred to Committee on Ways and Means.

- 1 **AN ACT to amend** 71.08 (1) (intro.); and **to create** 71.07 (6m) and 71.10 (4) (cm)
2 of the statutes; **relating to:** creating a nonrefundable individual income tax
3 credit for certain expenses related to child or dependent care.

Analysis by the Legislative Reference Bureau

Under current federal law there is an individual income tax credit for a portion of qualifying child or dependent care expenses that are paid for the purpose of enabling a taxpayer to be gainfully employed. An eligible claimant must maintain a household for a “qualifying individual”, which is defined as a dependent under the age of 13, a disabled spouse or another disabled individual who is a dependent of the taxpayer. The federal credit is nonrefundable, meaning that no refund is paid if the amount of the credit exceeds the taxpayer’s tax liability. The maximum credit is \$720 if the taxpayer has one qualifying individual or \$1,440 if the taxpayer has more than one qualifying individual.

This bill creates a nonrefundable individual income tax credit that is equal to 50% of the amount that is claimed by an individual under this federal credit.

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:

ASSEMBLY BILL 166**SECTION 1**

1 **SECTION 1.** 71.07 (6m) of the statutes is created to read:

2 71.07 **(6m)** CHILD AND DEPENDENT CARE EXPENSES CREDIT. (a) *Definitions.* In this
3 subsection:

4 1. “Claimant” means an individual who is eligible for, and claims, the federal
5 credit.

6 2. “Federal credit” means the federal tax credit, for expenses for household and
7 dependent care services necessary for gainful employment, under section 21 of the
8 Internal Revenue Code.

9 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
10 claimant may claim as a credit against the tax imposed under s. 71.02, up to the
11 amount of those taxes, an amount equal to 50% of the amount of the credit claimed
12 by the claimant under the federal credit in the year to which the claim relates.

13 (c) *Limitations.* 1. No credit may be allowed under this subsection unless it
14 is claimed within the time period under s. 71.75 (2).

15 2. For a claimant who is a nonresident or part-year resident of this state,
16 multiply the credit for which the claimant is eligible under par. (b) by a fraction the
17 numerator of which is the individual’s wages, salary, tips, unearned income and net
18 earnings from a trade or business that are taxable by this state and the denominator
19 of which is the individual’s total wages, salary, tips, unearned income and net
20 earnings from a trade or business. In this subdivision, for married persons filing
21 separately “wages, salary, tips, unearned income and net earnings from a trade or
22 business” means the separate wages, salary, tips, unearned income and net earnings
23 from a trade or business of each spouse, and for married persons filing jointly “wages,
24 salary, tips, unearned income and net earnings from a trade or business” means the

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1 total wages, salary, tips, unearned income and net earnings from a trade or business
2 of both spouses.

3 (d) *Administration.* Section 71.07 (9e) (d), to the extent that it applies to the
4 credit under that subsection, applies to the credit under this subsection.

5 **SECTION 2.** 71.08 (1) (intro.) of the statutes is amended to read:

6 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
7 couple filing jointly, trust or estate under s. 71.02, not considering the credits under
8 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (6),
9 (6m) and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and
10 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and subchs. VIII
11 and IX and payments to other states under s. 71.07 (7), is less than the tax under this
12 section, there is imposed on that natural person, married couple filing jointly, trust
13 or estate, instead of the tax under s. 71.02, an alternative minimum tax computed
14 as follows:

15 **SECTION 3.** 71.10 (4) (cm) of the statutes is created to read:

16 71.10 (4) (cm) The child and dependent expenses care credit under s. 71.07
17 (6m).

18 **SECTION 4. Initial applicability.**

19 (1) This act first applies to taxable years beginning on January 1 of the year
20 in which this subsection takes effect, except that if this subsection takes effect after
21 July 31, this act first applies to taxable years beginning on January 1 of the year
22 following the year in which this subsection takes effect.

23

(END)