

1999 DRAFTING REQUEST

Bill

Received: **02/15/99**

Received By: **shoveme**

Wanted: **Today**

Identical to LRB:

For: **Judy Robson (608) 266-2253**

By/Representing: **Cory**

This file may be shown to any legislator: **NO**

Drafter: **shoveme**

May Contact:

Alt. Drafters:

Subject: **Tax - individual income
Tax Credits - miscellaneous**

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Individual income tax credit of 50% of the federal child, dependent care credit

Instructions:

See Attached. Companion to 1999 -2108/1. Nonrefundable income tax credit equal to 50% of fed. dependent and child care credit.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	shoveme 02/15/99	chanaman 02/15/99		_____			State
/1			ismith 02/15/99	_____	lrb_docadmin 02/15/99	lrb_docadmin 02/15/99	

FE Sent For: **3/4/99**

<END>

**SUBMITTAL
FORM**

**LEGISLATIVE REFERENCE BUREAU
Legal Section Telephone: 266-3561
5th Floor, 100 N. Hamilton Street**

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and **sign** on the appropriate line(s) below.

Date: 2/15/99

To: Senator Robson

Relating to LRB drafting number: LRB-2214

Topic

Individual income tax credit of 50% of the federal child, dependent care credit

Subject(s)

Tax - individual income, Tax Credits - miscellaneous

1. **JACKET** the draft for introduction _____



in the **Senate** or the **Assembly** _____ (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT.** See the changes indicated or attached _____.

A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction _____.

If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Marc E. Shovers, Senior Legislative Attorney
Telephone: (608) 266-0129

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1?	shoveme	cmm 1 2/15	IS 2/15/99	IS/KH 2/15/99			

11 MES 2/15/99

FE Sent For:

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State of Wisconsin
1999 - 2000 LEGISLATURE

BY NOON

- 2214/1
LRB-21084
MES:cmh&jlg:lp
RMR

1999 BILL

W.P.O.
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"identical to"
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- 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:

BILL**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

BILL

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)



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET
P. O. BOX 2037
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
REFERENCE SECTION: (608) 266-0341
FAX: (608) 266-5648

STEPHEN R. MILLER
CHIEF

April 21, 1999

LRB
2

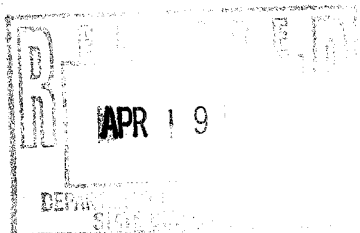
MEMORANDUM

To: Senator Robson

From: Marc E. Shovers, Sr. Legislative Attorney, (608) 266-0129

Subject: Technical Memorandum to **1999 SB 74** (LRB 99-2214/1)

We received the attached technical memorandum relating to your bill. This copy is for your information and your file. If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.



MEMORANDUM

April 16, 1999

TO: Marc Shovers
Legislative Reference Bureau

FROM: Yeang-Eng Braun *YEB*
Department of Revenue

SUBJECT: Technical Memorandum on SB 74 – Individual Income Tax Credit for Dependent Care Expenses

Nonresidents and part-year residents are currently required to prorate the dependent, senior citizen, itemized deductions, and school property tax/rent credits based on the ratio of Wisconsin adjusted gross income (WAGI) to federal adjusted gross income (AGI). The bill draft provides a different proration method based on wages, salaries, tips, unearned income and net earnings from a trade or business. For purposes of tax simplification and consistency it is suggested that the proration method that is applied to the existing credits also be applied to the proposed credit.

The proposed legislation makes no provision for the funding of the costs involved in administering the activities required. If the author wishes to provide funding, appropriation language could be developed and costs allocated in the following manner.

	<u>Chapter 20</u>	<u>Amount</u>	<u>FTE Positions</u>
<u>FY 1999-00</u>			
one-time	s.20.566 (1) (a)	\$107,200	
annual	s.20.566 (1) (a)	\$11,200	0.3 FTE
<u>FY 2000-01</u>			
one-time	s.20.566 (1) (a)	\$18,800	
annual	s.20.566 (1) (a)	\$63,200	1.3 FTE

If you have questions regarding this technical memorandum, please contact Craig Kammholz at 261-8984. Contact Pat Lashore at 266-3347 for questions concerning administrative costs.

YEB:CK:skr
t:\fsn99-00\ck\sb74.tec.doc