

## 1999 SENATE BILL 199

June 17, 1999 – Introduced by Senators RISSER, DARLING, PLACHE, ROSENZWEIG, ERPENBACH, GEORGE and BRESKE, cosponsored by Representatives HASENOHRL, BLACK, BOYLE, POCAN, BOCK, REYNOLDS, TURNER, MILLER, BERCEAU, PLALE, PLOUFF, YOUNG and LASSA. Referred to Committee on Human Services and Aging.

1     **AN ACT** *to repeal* 49.155 (1m) (a) 4. a., 49.155 (1m) (a) 4. b., 49.155 (1m) (c) 1m.,  
2           49.155 (1m) (c) 2. and 49.155 (1m) (c) 3.; *to renumber* 49.137 (6); *to renumber*  
3           *and amend* 49.155 (1m) (a) 4. (intro.) and 49.665 (1) (c); *to amend* 20.435 (5)  
4           (bc), 20.435 (5) (jz), 20.435 (5) (o), 20.435 (5) (p), 20.445 (3) (cm), 49.136 (7) (a),  
5           49.143 (2) (a) 8., 49.148 (1m) (a), 49.155 (1d) (a), 49.155 (1m) (intro.), 49.155  
6           (1m) (a) (intro.), 49.155 (1m) (c) 1., 49.155 (1m) (c) 1g., 49.155 (1m) (c) 1h., 49.155  
7           (3m) (a), 49.155 (5), 49.665 (3), 49.665 (4) (b), 49.665 (4) (c), 49.665 (5), 71.05 (6)  
8           (a) 15., 71.08 (1) (intro.), 71.10 (4) (i), 71.21 (4), 71.26 (2) (a), 71.30 (3) (f), 71.34  
9           (1) (g), 71.45 (2) (a) 10., 71.49 (1) (f) and 77.92 (4); and *to create* 20.235 (1) (cw),  
10          20.445 (3) (ct), 39.385, 49.135, 49.137 (6) (a), 49.139, 49.155 (1) (aL), 49.155 (1g)  
11          (d), 49.325 (4), 49.665 (1) (bq), 49.665 (1) (c) 2., 49.665 (4) (am), 71.07 (5d), 71.07  
12          (6m), 71.07 (7g), 71.10 (4) (cm), 71.10 (4) (gc), 71.28 (5d), 71.28 (7), 71.30 (3) (ea),  
13          71.47 (5d), 71.47 (7) and 71.49 (1) (ea) of the statutes; **relating to:** a child care  
14          worker loan repayment assistance program; a child care career education

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1 scholarship program; early childhood councils; requiring recipients of child  
2 care funding to have received training in child development and safety; training  
3 and network development for special needs child care providers; eligibility for  
4 child care funding; health care for low-income child care workers; creating tax  
5 credits for employers who provide child care; creating a nonrefundable  
6 individual income tax credit for certain expenses related to child or dependent  
7 care; granting rule-making authority; and making appropriations.

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***Analysis by the Legislative Reference Bureau***

This bill makes various changes relating to child care.

***Early childhood councils***

The bill requires the department of workforce development (DWD) 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.

**SENATE BILL 199*****Child development and safety training***

Under current law, DWD must reimburse child care providers or must distribute funds to county departments for child care services provided for persons who are eligible for child care assistance under the Wisconsin works (W-2) program. Under current law, DWD also administers various child care grant programs including a child care start-up and expansion grant program and a child care quality 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 child care under the W-2 program or a child care start-up and expansion grant or a child care quality improvement grant.

***Child care worker loan repayment assistance***

This bill creates a child care worker loan repayment assistance program to be administered by the higher educational aids board (HEAB). Under the program, a child care worker is initially reimbursed by HEAB for ten percent 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, 1999, with a degree in an area relating to early childhood education.
3. The child care worker is currently repaying any educational loan and is not in default on repayment.

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

***Child care career education scholarships***

This bill creates a child care career education scholarship program to be administered by DWD or by an agency contracted by DWD to administer that program. Under the program, DWD may award scholarships of not less than \$500 nor more than \$5,000 per year to individuals who are child care providers and to individuals who are employed by a child care provider or by a head start agency in the direct provision of child care services or in the administration of child care services to enable those individuals to earn associate degrees, bachelor's degrees or other credentials approved by DWD in the fields of child care or early childhood education. Under the program, DWD, a scholarship recipient and, if applicable, the scholarship recipient's employer must enter into a contract specifying the commitments of each party to the contract. The contract must include the amount of the scholarship, which, subject to the \$5,000 maximum scholarship limit, may cover up to 100% of the cost of the scholarship recipient's books and tuition and which, subject to that limit, may provide for not more than three hours per week of paid leave from work to study or attend classes; the number of credits the scholarship recipient will take during the time period of the contract; a commitment by the scholarship recipient's employer to provide a pay raise or bonus to the recipient upon

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completion of his or her course of study and the amount of that pay raise or bonus or, if the scholarship recipient is an individual who is a child care provider, a commitment by DWD to pay a bonus to the individual upon completion of his or her course of study and the amount of that bonus; and a commitment by the scholarship recipient not to resign from employment with the child care provider or head start agency that employed him or her during the time period of the contract for not less than six months nor more than one year after the end of that period as specified in the contract or, if the scholarship recipient is an individual who is a child care provider, to remain a child care provider for not less than six months nor more than one year after the end of the time period of the contract as specified in the contract.

***Badger care for child care workers***

Currently, under the badger care program, families with incomes below 185% of the federal poverty line who meet certain criteria are eligible for partially or wholly subsidized coverage of the same health services and benefits offered under the medical assistance program. “Family” is defined as at least one dependent child and his or her custodial parent or parents.

This bill expands the badger care program to cover individuals who are child care workers who meet the income and nonfinancial eligibility requirements. Under the bill, child care workers need not be parents to qualify for the health care coverage.

***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, 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 formula specified by DWD.

Finally, an individual may receive child care funding to participate in certain employment skills training, including an English as a second 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 DWD. An individual may receive funding for that purpose 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 nine 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 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. Additionally, the bill directs DWD to develop a sliding scale formula for child care copayments based on an individual's ability. Under the bill, DWD may not require any parent to pay more than ten percent of his or her family income for the cost of child care received.

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The bill also changes the annual general program revenue for paying child care subsidies to a continuing appropriation.

***Other Wisconsin works***

Currently, an eligible custodial parent of a child who is 12 weeks old or less may receive a monthly grant of \$673 without being required to work. This bill increases the permissible age of the child to one year.

***Tax credits***

This bill creates an income tax and franchise tax credit for a corporation that constructs and equips a day care center or pays a day care center to care for the children of the corporation's employees during the employees' working hours. Sole proprietorships, corporations and insurers may claim the credit. Partnerships, limited liability companies and tax-option corporations compute the credit but pass it on to the partners, members and shareholders in proportion to their ownership interests.

The credit is an amount equal to 50% of the amount paid by the corporation during a taxable year to construct and equip a day care center that is owned and operated by the corporation or an amount equal to 50% of the amount paid by the corporation during a taxable year to a day care center to care for the children of the corporation's employees during the employees' working hours. A corporation may also claim a credit equal to \$50 a month for each child of a corporation's employee enrolled in the corporation's day care center for a taxable year.

If the credit claimed by a corporation exceeds the corporation's tax liability, the state will not issue a refund check, but the corporation may carry forward any remaining credit to the next five taxable years. If a day care center that is constructed and equipped by a corporation ceases its operation within five years from the date that construction of the day care center was completed, the corporation must pay back the credit received in proportion to the period of time that the day care center operated.

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

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.





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1           **SECTION 4.** 20.435 (5) (jz) of the statutes is amended to read:

2           20.435 (5) (jz) *Badger care premiums.* All moneys received from payments  
3 under s. 49.665 (5) to be used for the badger care health care program for low-income  
4 families and eligible individuals under s. 49.466 ~~49.665~~.

5           **SECTION 5.** 20.435 (5) (o) of the statutes is amended to read:

6           20.435 (5) (o) *Federal aid; medical assistance.* All federal moneys received for  
7 meeting costs of medical assistance administered under ~~ss.~~ s. 49.45 and, to the extent  
8 permitted under federal law, s. 49.665.

9           **SECTION 6.** 20.435 (5) (p) of the statutes is amended to read:

10           20.435 (5) (p) *Federal aid; health care for low-income families.* All federal  
11 moneys received for the badger care health care program ~~for low-income families~~  
12 under s. 49.665, to be used for ~~that~~ the purpose of providing health care coverage to  
13 low-income families that are eligible under s. 49.665 (4) (a) for the badger care health  
14 care program.

15           **SECTION 7.** 20.445 (3) (cm) of the statutes is amended to read:

16           20.445 (3) (cm) *Wisconsin works child care.* ~~The~~ As a continuing appropriation,  
17 the amounts in the schedule for paying child care subsidies under s. 49.155. Before  
18 October 1, 1997, moneys appropriated under this paragraph may be used to fund  
19 child care costs of individuals who secure unsubsidized employment and lose  
20 eligibility for aid to families with dependent children as provided under s. 49.191 (2),  
21 for child care and related transportation costs under s. 49.26 (1) (e), for at-risk and  
22 low-income child care under s. 49.132, 1995 stats., and for child care costs under ss.  
23 49.191 (1) and 49.193 (8).

24           **SECTION 8.** 20.445 (3) (ct) of the statutes is created to read:

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1           20.445 (3) (ct) *Local early childhood council grants.* As a continuing  
2 appropriation, the amounts in the schedule for grants for local early childhood  
3 councils under s. 49.135.

4           **SECTION 9.** 39.385 of the statutes is created to read:

5           **39.385 Child care worker loan repayment assistance program. (1)**

6           There is established, to be administered by the board, a loan repayment assistance  
7 program for resident child care workers who meet all of the following requirements:

8           (a) Have graduated on or after May 1, 1999, with a bachelor's degree from an  
9 institution of higher education, as defined in s. 39.32 (1) (a), located in this state or  
10 a degree under an associate degree program, as defined in s. 38.01 (1), in an area  
11 relating to early childhood education.

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

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

16           **(2)** The board shall:

17           (a) Reimburse a child care worker for 10% of the outstanding principal amount  
18 of any student loans of the child care worker or \$1,000, whichever is less, for the  
19 12-month period of eligibility under sub. (1). As a condition of eligibility for loan  
20 repayment assistance under this paragraph, the child care worker shall submit to  
21 the board, on a form prescribed by the board, a statement certified by the lender of  
22 an applicable student loan, within 30 days previous to the filing of the submission,  
23 certifying that the loan repayment status of the borrower is not in default and the  
24 outstanding principal amount of the applicable student loan.



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1 (b) For each succeeding 12-month period of eligibility under sub. (1), reimburse  
2 the child care worker as determined under par. (a). No child care worker is eligible  
3 for more than 5 loan repayment assistance payments under this section.

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

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

12 **SECTION 10.** 49.135 of the statutes is created to read:

13 **49.135 Local early childhood council grants. (1) PURPOSE.** From the  
14 appropriation under s. 20.445 (3) (ct), the department shall provide grants, awarded  
15 under sub. (2), to public agencies or private, nonprofit organizations for the  
16 establishment or operation, or both, of local early childhood councils.

17 **(2) GRANT AWARDS; AMOUNTS.** (a) Grants shall be awarded by a body consisting  
18 of 2 representatives of the department of health and family services, 2  
19 representatives of the department of workforce development and 2 representatives  
20 of the department of public instruction.

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

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

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

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

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

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

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

24               (b) Conduct an assessment of child care and early childhood education  
25               programs and other services for young children and their families that are available

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1 in the community and an assessment of the need for those programs and services in  
2 the community.

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

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

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

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

15 (d) Advise the county department under s. 46.215, 46.22 or 46.23 on the  
16 development of the county department's proposed budget for the expenditure of  
17 funds allocated under s. 49.175 (1) (o) and (p).

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

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

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

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

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1 (d) One elected county official.

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

3 1. A local employer.

4 2. The local school district.

5 3. The county department receiving child care funds under s. 49.175 (1) (o) or  
6 (p) and any entity administering those funds if different from the county department.

7 4. The local health department, as defined in s. 250.01 (4).

8 5. A local agency providing child care resource and referral services funded by  
9 a grant under s. 49.134.

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

12 **SECTION 11.** 49.136 (7) (a) of the statutes is amended to read:

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

19 **SECTION 12.** 49.137 (6) of the statutes is renumbered 49.137 (6) (b).

20 **SECTION 13.** 49.137 (6) (a) of the statutes is created to read:

21 49.137 (6) (a) The department shall establish guidelines for eligibility for a  
22 grant under this section. In establishing those guidelines, the department shall  
23 provide that no person may be awarded a grant under sub. (2) or (3) unless that  
24 person and all employes of that person who provide care and supervision for children

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1 have received not less than 20 hours of training in child development and safety. The  
2 department need not promulgate those guidelines as rules under ch. 227.

3 **SECTION 14.** 49.139 of the statutes is created to read:

4 **49.139 Child care career education. (1)** CHILD CARE CAREER EDUCATION  
5 SCHOLARSHIPS. From the allocation under s. 49.155 (1g) (d), the department may  
6 award scholarships of not less than \$500 per year nor more than \$5,000 per year to  
7 individuals who are child care providers and to individuals who are employed by a  
8 child care provider or by a head start agency designated under 42 USC 9836 in the  
9 direct provision of child care services or in the administration of child care services  
10 to enable those individuals to earn associate degrees, bachelor's degrees or other  
11 credentials approved by the department in the fields of child care or early childhood  
12 education.

13 **(2)** CHILD CARE CAREER EDUCATION SCHOLARSHIP CONTRACTS. The department  
14 shall require a scholarship recipient under sub. (1) and, if applicable, and the child  
15 care provider or head start agency employing the scholarship recipient to enter into  
16 a contract with the department specifying the commitments required of each party  
17 to the contract. A contract under this subsection shall specify all of the following  
18 terms and conditions:

19 (a) The amount of the scholarship, which, subject to the \$5,000 maximum limit  
20 specified in sub. (1), may cover up to 100% of the cost of the scholarship recipient's  
21 tuition and books and which, subject to that limit, may provide for not more than 3  
22 hours per week of paid leave from work to study or attend classes.

23 (b) The number of credit hours of instruction that the scholarship recipient will  
24 take during the time period of the contract.

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1 (c) A commitment by the scholarship recipient's employer to provide a pay raise  
2 or a bonus to the scholarship recipient on completion of the scholarship recipient's  
3 course of study and the amount of that pay raise or bonus; or, if the scholarship  
4 recipient is an individual who is a child care provider, a commitment by the  
5 department to pay that individual a bonus upon completion of the individual's course  
6 of study and the amount of that bonus.

7 (d) A commitment by the scholarship recipient not to resign from employment  
8 with the child care provider or head start agency that employed the scholarship  
9 recipient during the time period of the contract for not less than 6 months nor more  
10 than one year after the end of that time period, as specified in the contract; or, if the  
11 scholarship recipient is an individual who is a child care provider, a commitment by  
12 the individual to remain a child care provider for not less than 6 months nor more  
13 than one year after the end of the time period in the contract, as specified in the  
14 contract.

15 **(3) GRANT ADMINISTRATION.** The department may administer the scholarship  
16 program under this section or contract for the administration of that scholarship  
17 program.

18 **SECTION 15.** 49.143 (2) (a) 8. of the statutes is amended to read:

19 49.143 **(2)** (a) 8. Work with participants, employers, child care providers, the  
20 local early childhood council under s. 49.135 and the community to identify child care  
21 needs, improve access to child care and expand availability of child care.

22 **SECTION 16.** 49.148 (1m) (a) of the statutes is amended to read:

23 49.148 **(1m)** (a) A custodial parent of a child who is ~~12 weeks old~~ one year old  
24 or less and who meets the eligibility requirements under s. 49.145 (2) and (3) may  
25 receive a monthly grant of ~~\$673~~ \$628 unless another adult member of the custodial



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1 parent's Wisconsin works group is participating in, or is eligible to participate in, a  
2 Wisconsin works employment position or is employed in unsubsidized employment,  
3 as defined in s. 49.147 (1) (c). A Wisconsin works agency may not require a  
4 participant under this subsection to participate in any employment positions.  
5 Receipt of a grant under this subsection ~~does not constitute~~ constitutes participation  
6 in a Wisconsin works employment position for ~~purposes~~ the purpose of calculating  
7 the time limits limit under s. 49.145 (2) (n) ~~or, but does not constitute participation~~  
8 in a Wisconsin works employment position for the purpose of calculating the time  
9 limits under s. 49.147 (3) (c), (4) (b) 2. or (c) 4. or (5) (b) 2. if the child is born to the  
10 participant not more than 10 months after the date that the participant was first  
11 determined to be eligible for assistance under s. 49.19 or for a Wisconsin works  
12 employment position.

13 **SECTION 17.** 49.155 (1) (aL) of the statutes is created to read:

14 49.155 (1) (aL) "Disabled" means physically or mentally incapable of caring for  
15 oneself.

16 **SECTION 18.** 49.155 (1d) (a) of the statutes is amended to read:

17 49.155 (1d) (a) The department shall promulgate rules establishing standards  
18 for the certification of child care providers under s. 48.651. In establishing the  
19 requirements for certification ~~as a Level II certified family day care provider,~~ the  
20 department ~~may not~~ shall include a requirement ~~for training for that providers~~ have  
21 at least 20 hours of training in child development and safety.

22 **SECTION 19.** 49.155 (1g) (d) of the statutes is created to read:

23 49.155 (1g) (d) From the appropriation under s. 20.445 (3) (mc), distribute  
24 \$1,000,000 in fiscal year 1999–2000 and \$2,500,000 in fiscal year 2000–01 for the  
25 purpose of providing child care career education scholarships under s. 49.139 (1).

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1 The department may carry forward moneys allocated under this paragraph that are  
2 not encumbered by June 30 of any year for allocation under this paragraph in the  
3 next fiscal year.

4 **SECTION 20.** 49.155 (1m) (intro.) of the statutes is amended to read:

5 49.155 **(1m)** ELIGIBILITY. (intro.) A Wisconsin works agency shall determine  
6 eligibility for a child care subsidy under this section. Under this section, an  
7 individual may receive a subsidy for child care for a child who has not attained the  
8 age of 13 or, if the child is disabled, who has not attained the age of 19, if the  
9 individual meets all of the following conditions:

10 **SECTION 21.** 49.155 (1m) (a) (intro.) of the statutes is amended to read:

11 49.155 **(1m)** (a) (intro.) The individual is a parent of a child who is under the  
12 age of 13, or, if the child is disabled, is under the age of 19; or is a person who, under  
13 s. 48.57 (3m) or (3n), is providing care and maintenance for a child who is under the  
14 age of 13, or, if the child is disabled, is under the age of 19; and child care services  
15 for that child are needed in order for the individual to do any of the following:

16 **SECTION 22.** 49.155 (1m) (a) 4. (intro.) of the statutes is renumbered 49.155  
17 (1m) (a) 4. and amended to read:

18 49.155 **(1m)** (a) 4. Participate in other employment skills training, including  
19 an English as a 2nd language course, if the Wisconsin works agency determines that  
20 the course would facilitate the individual's efforts to obtain employment; a course of  
21 study meeting the standards established by the secretary of education under s.  
22 115.29 (4) for the granting of a declaration of equivalency of high school graduation;  
23 a course of study at a technical college; or participation in educational courses that  
24 provide an employment skill, as determined by the department. An individual may  
25 receive aid under this subdivision for up to one year. ~~An individual may not receive~~

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1 aid under this subdivision unless the individual meets at least one of the following  
2 conditions:

3 **SECTION 23.** 49.155 (1m) (a) 4. a. of the statutes is repealed.

4 **SECTION 24.** 49.155 (1m) (a) 4. b. of the statutes is repealed.

5 **SECTION 25.** 49.155 (1m) (c) 1. of the statutes is amended to read:

6 49.155 **(1m)** (c) 1. The gross income of the individual's family is at or below  
7 ~~165% of the poverty line for a family the size of the individual's family or, for an~~  
8 ~~individual who is already receiving a child care subsidy under this section, the gross~~  
9 ~~income of the individual's family is at or below 200% of the poverty line for a family~~  
10 ~~the size of the individual's family~~ 85% of the state median income. In calculating the  
11 gross income of the family, the Wisconsin works agency shall include income  
12 described under s. 49.145 (3) (b) 1. to 3. The department shall annually calculate the  
13 state median income.

14 **SECTION 26.** 49.155 (1m) (c) 1g. of the statutes is amended to read:

15 49.155 **(1m)** (c) 1g. The individual is a foster parent of the child and the child's  
16 biological or adoptive family meets the asset limit under s. 49.145 (3) (a) and has a  
17 gross income that is at or below ~~200% of the poverty line~~ 85% of the state median  
18 income. In calculating the gross income of the child's biological or adoptive family,  
19 the Wisconsin works agency shall include income described under s. 49.145 (3) (b) 1.  
20 to 3.

21 **SECTION 27.** 49.155 (1m) (c) 1h. of the statutes is amended to read:

22 49.155 **(1m)** (c) 1h. The individual is a relative of the child, is providing care  
23 for the child under a court order and is receiving payments under s. 48.57 (3m) on  
24 behalf of the child and the child's biological or adoptive family meets the asset limit  
25 under s. 49.145 (3) (a) and has a gross income that is at or below ~~200% of the poverty~~

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1 ~~line~~ 85% of the state median income. In calculating the gross income of the child's  
2 biological or adoptive family, the Wisconsin works agency shall include income  
3 described under s. 49.145 (3) (b) 1. to 3.

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

5 **SECTION 29.** 49.155 (1m) (c) 2. of the statutes is repealed.

6 **SECTION 30.** 49.155 (1m) (c) 3. of the statutes is repealed.

7 **SECTION 31.** 49.155 (3m) (a) of the statutes is amended to read:

8 49.155 **(3m)** (a) The department shall reimburse child care providers or shall  
9 distribute funds to county departments under s. 46.215, 46.22 or 46.23 for child care  
10 services provided under this section and to private nonprofit agencies that provide  
11 child care for children of migrant workers. The department may not reimburse a  
12 child care provider, and no funds distributed under this paragraph may be used to  
13 pay for child care services, unless the person to whom the payment is made and all  
14 employees of that person who provide care and supervision for children have received  
15 not less than 20 hours of training in child development and safety.

16 **SECTION 32.** 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 33.** 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 s. 49.175 (1) (o) and (p),

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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 34.** 49.665 (1) (bq) of the statutes is created to read:

5 49.665 (1) (bq) “Eligible individual” means an individual who is eligible under  
6 sub. (4) (am) for health care coverage under this section.

7 **SECTION 35.** 49.665 (1) (c) of the statutes is renumbered 49.665 (1) (c) (intro.)  
8 and amended to read:

9 49.665 (1) (c) (intro.) “Employer–subsidized health care coverage” means one  
10 of the following:

11 1. With respect to a family eligible under sub. (4) (a), family coverage under a  
12 group health insurance plan offered by an employer for which the employer pays at  
13 least 80% of the cost, excluding any deductibles or copayments that may be required  
14 under the plan.

15 **SECTION 36.** 49.665 (1) (c) 2. of the statutes is created to read:

16 49.665 (1) (c) 2. With respect to an eligible individual, coverage under a group  
17 health insurance plan offered by the eligible individual’s employer, or by the  
18 employer of a family member of the eligible individual, for which the eligible  
19 individual qualifies and for which the employer pays at least 80% of the cost,  
20 excluding any deductibles or copayments that may be required under the plan.

21 **SECTION 37.** 49.665 (3) of the statutes is amended to read:

22 49.665 (3) ADMINISTRATION. The department shall administer a program to  
23 provide the health services and benefits described in s. 49.46 (2) to families that meet  
24 the eligibility requirements specified in sub. (4) and to eligible individuals. The  
25 department shall promulgate rules setting forth the application procedures and

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1 appeal and grievance procedures. The department may promulgate rules limiting  
2 access to the program under this section to defined enrollment periods. The  
3 department may also promulgate rules establishing a method by which the  
4 department may purchase family coverage offered by the employer of a member of  
5 an eligible family, or individual coverage offered by the employer of an eligible  
6 individual, under circumstances in which the department determines that  
7 purchasing that coverage would not be more costly than providing the coverage  
8 under this section.

9 **SECTION 38.** 49.665 (4) (am) of the statutes is created to read:

10 49.665 (4) (am) An individual is eligible for health care coverage under this  
11 section if the individual meets all of the following requirements:

12 1. The individual is employed by a child care provider as a child care worker  
13 for at least 30 hours per week.

14 2. The individual's income does not exceed 185% of the poverty line, except that  
15 an individual who is already receiving health care coverage under this section may  
16 have an income that does not exceed 200% of the poverty line. The department shall  
17 establish by rule the criteria to be used to determine income.

18 3. The individual does not have access to employer-subsidized health care  
19 coverage and has not had access to employer-subsidized health care coverage within  
20 the time period established by the department by rule, but not to exceed 18 months,  
21 immediately preceding application for health care coverage under this section. The  
22 department may establish exceptions to this subdivision by rule.

23 4. The individual meets all other requirements established by the department  
24 by rule. The department may not require that an individual under this paragraph  
25 be a parent as a condition of eligibility.



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1           **SECTION 39.** 49.665 (4) (b) of the statutes is amended to read:

2           49.665 (4) (b) Notwithstanding fulfillment of the eligibility requirements  
3 under this subsection, a family or eligible individual is not entitled to health care  
4 coverage under this section.

5           **SECTION 40.** 49.665 (4) (c) of the statutes is amended to read:

6           49.665 (4) (c) No family may be denied health care coverage under this section  
7 solely because of a health condition of any family member and no eligible individual  
8 may be denied health care coverage under this section solely because of a health  
9 condition of that individual.

10          **SECTION 41.** 49.665 (5) of the statutes is amended to read:

11          49.665 (5) LIABILITY FOR COST. (a) Except as provided in par. (b), a family that  
12 or eligible individual who receives health care coverage under this section shall pay  
13 a percentage of the cost of that coverage in accordance with a schedule established  
14 by the department by rule. If the schedule established by the department requires  
15 a family or eligible individual to contribute more than 3% of the family's or of the  
16 eligible individual's income towards the cost of the health care coverage provided  
17 under this section, the department shall submit the schedule to the joint committee  
18 on finance for review and approval of the schedule. If the cochairpersons of the joint  
19 committee on finance do not notify the department within 14 working days after the  
20 date of the department's submittal of the schedule that the committee has scheduled  
21 a meeting to review the schedule, the department may implement the schedule. If,  
22 within 14 days after the date of the department's submittal of the schedule, the  
23 cochairpersons of the committee notify the department that the committee has  
24 scheduled a meeting to review the schedule, the department may not require a family  
25 or eligible individual to contribute more than 3% of the family's or of the eligible

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1 individual's income unless the joint committee on finance approves the schedule.  
2 The joint committee on finance may not approve and the department may not  
3 implement a schedule that requires a family or eligible individual to contribute more  
4 than 3.5% of the family's or of the eligible individual's income towards the cost of the  
5 health care coverage provided under this section.

6 (b) The department may not require a family or eligible individual with an  
7 income below 143% of the poverty line to contribute to the cost of health care coverage  
8 provided under this section.

9 (c) The department may establish by rule requirements for wage withholding  
10 as a means of collecting the family's or eligible individual's share of the cost of the  
11 health care coverage under this section.

12 **SECTION 42.** 71.05 (6) (a) 15. of the statutes is amended to read:

13 71.05 **(6)** (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),  
14 (2di), (2dj), (2dL), (2dr), (2ds), (2dx) ~~and, (3s), (5d) and (7g)~~ and not passed through  
15 by a partnership, limited liability company or tax-option corporation that has added  
16 that amount to the partnership's, company's or tax-option corporation's income  
17 under s. 71.21 (4) or 71.34 (1) (g).

18 **SECTION 43.** 71.07 (5d) of the statutes is created to read:

19 71.07 **(5d)** DAY CARE CENTER CREDIT. (a) In this subsection, "claimant" means  
20 a person who files a claim under this subsection.

21 (b) A claimant may claim as a credit against the tax imposed under s. 71.02 any  
22 of the following:

23 1. An amount equal to 50% of the amount paid or incurred by the claimant  
24 during the taxable year to construct and equip a licensed day care center under s.

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1 48.65, that is owned and operated by the claimant, to care for the children of the  
2 claimant's employes during the employes' working hours.

3 2. An amount equal to \$50 a month for each child of a claimant's employe  
4 enrolled in the claimant's day care center under subd. 1. for the taxable year.

5 3. An amount equal to 50% of the amount paid by the claimant during the  
6 taxable year to a licensed day care center under s. 48.65, other than a day care center  
7 under subd. 1., to provide care for the children of the claimant's employes during the  
8 employes' working hours.

9 (c) The amount of the credit under this subsection shall not exceed \$50,000 in  
10 a taxable year for each claimant and the total amount of the credit under this  
11 subsection for all claimants shall not exceed \$1,500,000 in a fiscal year.

12 (d) No credit may be allowed under this subsection unless the claimant files an  
13 application with the department of revenue before the end of the taxable year in  
14 which amounts are paid or expenses are incurred under par. (b) and includes with  
15 that application a statement from the department of health and family services that  
16 verifies that the day care center under par. (b) is licensed under s. 48.65. No credit  
17 may be allowed under this subsection after the department of revenue has awarded  
18 the total amount of the credit for all claimants under par. (c).

19 (e) Section 71.28 (4) (e), as it applies to the credit under s. 71.28 (4), applies to  
20 the credit under this subsection.

21 (f) If a credit computed under this subsection is not entirely offset against  
22 income or franchise taxes otherwise due, the unused balance may be carried forward  
23 and credited against income or franchise taxes otherwise due for the following 5  
24 taxable years to the extent not offset by those taxes otherwise due in all intervening

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1 years between the year in which the expense was incurred and the year in which the  
2 carry-forward credit is claimed.

3 (g) Partnerships, limited liability companies and tax-option corporations may  
4 not claim the credit under this subsection, but the eligibility for, and the amount of,  
5 the credit are based on the amount paid or incurred under par. (b). A partnership,  
6 limited liability company or tax-option corporation shall compute the amount of  
7 credit that each of its partners, members or shareholders may claim and shall  
8 provide that information to each of them. Partners, members of limited liability  
9 companies and shareholders of tax-option corporations may claim the credit in  
10 proportion to their ownership interest.

11 (h) Section 71.28 (4) (g) and (h), as it applies to the credit under s. 71.28 (4),  
12 applies to the credit under this subsection.

13 (i) If the operation of a day care center under par. (b) 1. ceases within 5 years  
14 after the date on which the construction of the day care center is completed, a  
15 claimant who receives credits under par. (b) 1. and 2. for the construction and  
16 operation of such a day care center shall add to the claimant's liability for taxes  
17 imposed under s. 71.02 an amount equal to the total amount of the credits received  
18 under par. (b) 1. and 2. multiplied by the following percentage:

19 1. If the operation of the day care center ceases during the first year after the  
20 date on which the construction of the day care center is completed, 100%.

21 2. If the operation of the day care center ceases during the 2nd year after the  
22 date on which the construction of the day care center is completed, 80%.

23 3. If the operation of the day care center ceases during the 3rd year after the  
24 date on which the construction of the day care center is completed, 60%.

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1           4. If the operation of the day care center ceases during the 4th year after the  
2 date on which the construction of the day care center is completed, 40%.

3           5. If the operation of the day care center ceases during the 5th year after the  
4 date on which the construction of the day care center is completed, 20%.

5           **SECTION 44.** 71.07 (6m) of the statutes is created to read:

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

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

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

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

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

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

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1 business” means the separate wages, salary, tips, unearned income and net earnings  
2 from a trade or business of each spouse, and for married persons filing jointly “wages,  
3 salary, tips, unearned income and net earnings from a trade or business” means the  
4 total wages, salary, tips, unearned income and net earnings from a trade or business  
5 of both spouses.

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

8 **SECTION 45.** 71.07 (7g) of the statutes is created to read:

9 71.07 (7g) CHILD CARE CREDIT. (a) In this subsection:

10 1. “Qualified child care expenditures” means any amount that is not used in  
11 calculating the credits under subs. (2dd) and (5d) and that is paid to acquire,  
12 construct or rehabilitate property that is to be used as part of a qualified child care  
13 facility of the claimant, if the property may be depreciated or amortized under this  
14 subchapter and if the property is not part of the principal residence of the claimant  
15 or any employe of the claimant; any amount paid for the operating costs of a qualified  
16 child care facility of the claimant, including costs related to training employes, to  
17 scholarship programs and to providing increased compensation to employes who  
18 have higher levels of child care training; any amount paid under a contract with a  
19 child care facility to provide child care services to employes of the claimant; and any  
20 amount paid under a contract to provide child care resource and referral services to  
21 employes of the claimant.

22 2. “Qualified child care facility” means a facility that is used primarily to  
23 provide child care assistance, unless the facility is the operator’s principal residence;  
24 that is licensed under s. 48.65 or 48.69; that is open to enrollment to the children of  
25 the 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 of the facility are the children of the claimant's  
2 employes; and that does not discriminate in enrollment in favor of the children of the  
3 claimant's highly compensated employes, as defined in section 414 (q) of the Internal  
4 Revenue Code.

5 (b) A person may claim as a credit against taxes imposed under s. 71.02, up to  
6 the amount of those taxes, an amount equal to 5% of that person's qualified child care  
7 expenditures, except that the credit may not exceed \$15,000 a year.

8 (c) Section 71.28 (4) (e) to (h), as it relates to the credit under s. 71.28 (4), relates  
9 to the credit under this subsection.

10 **SECTION 46.** 71.08 (1) (intro.) of the statutes is amended to read:

11 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married  
12 couple filing jointly, trust or estate under s. 71.02, not considering the credits under  
13 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (5d),  
14 (6), (6m), (7g) and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m)  
15 and (3), (5d) and (7) and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m)  
16 and (3), (5d) and (7) and subchs. VIII and IX and payments to other states under s.  
17 71.07 (7), is less than the tax under this section, there is imposed on that natural  
18 person, married couple filing jointly, trust or estate, instead of the tax under s. 71.02,  
19 an alternative minimum tax computed as follows:

20 **SECTION 47.** 71.10 (4) (cm) of the statutes is created to read:

21 71.10 (4) (cm) The child and dependent expenses care credit under s. 71.07  
22 (6m).

23 **SECTION 48.** 71.10 (4) (gc) of the statutes is created to read:

24 71.10 (4) (gc) Child care credit under s. 71.07 (7g).

25 **SECTION 49.** 71.10 (4) (i) of the statutes is amended to read:

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1           71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland  
2           preservation credit under subch. IX, homestead credit under subch. VIII, farmland  
3           tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s.  
4           71.07 (2fd), day care center credit under s. 71.07 (5d), earned income tax credit under  
5           s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld under  
6           subch. X.

7           **SECTION 50.** 71.21 (4) of the statutes is amended to read:

8           71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
9           (2dj), (2dL), (2ds), (2dx) ~~and~~ (3s), (5d) and (7g) and passed through to partners or  
10          members shall be added to the partnership's or limited liability company's income.

11          **SECTION 51.** 71.26 (2) (a) of the statutes is amended to read:

12          71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means  
13          the gross income as computed under the ~~internal revenue code~~ Internal Revenue  
14          Code as modified under sub. (3) minus the amount of recapture under s. 71.28 (1di)  
15          plus the amount of credit computed under s. 71.28 (1) and (3) to (5) plus the amount  
16          of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds) ~~and~~ (1dx),  
17          (5d) and (7) and not passed through by a partnership, limited liability company or  
18          tax-option corporation that has added that amount to the partnership's, limited  
19          liability company's or tax-option corporation's income under s. 71.21 (4) or 71.34 (1)  
20          (g) plus the amount of losses from the sale or other disposition of assets the gain from  
21          which would be wholly exempt income, as defined in sub. (3) (L), if the assets were  
22          sold or otherwise disposed of at a gain and minus deductions, as computed under the  
23          ~~internal revenue code~~ Internal Revenue Code as modified under sub. (3), plus or  
24          minus, as appropriate, an amount equal to the difference between the federal basis  
25          and Wisconsin basis of any asset sold, exchanged, abandoned or otherwise disposed

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1 of in a taxable transaction during the taxable year, except as provided in par. (b) and  
2 s. 71.45 (2) and (5).

3 **SECTION 52.** 71.28 (5d) of the statutes is created to read:

4 **71.28 (5d) DAY CARE CENTER CREDIT.** (a) In this subsection, “claimant” means  
5 a person who files a claim under this subsection.

6 (b) A claimant may claim as a credit against the tax imposed under s. 71.23 any  
7 of the following:

8 1. An amount equal to 50% of the amount paid or incurred by the claimant  
9 during the taxable year to construct and equip a licensed day care center under s.  
10 48.65, that is owned and operated by the claimant, to care for the children of the  
11 claimant’s employes during the employes’ working hours.

12 2. An amount equal to \$50 a month for each child of a claimant’s employe  
13 enrolled in the claimant’s day care center under subd. 1. for the taxable year.

14 3. An amount equal to 50% of the amount paid by the claimant during the  
15 taxable year to a licensed day care center under s. 48.65, other than a day care center  
16 under subd. 1., to provide care for the children of the claimant’s employes during the  
17 employes’ working hours.

18 (c) The amount of the credit under this subsection shall not exceed \$50,000 in  
19 a taxable year for each claimant, and the total amount of the credit under this  
20 subsection for all claimants shall not exceed \$1,500,000 in a fiscal year.

21 (d) No credit may be allowed under this subsection unless the claimant files an  
22 application with the department of revenue before the end of the taxable year in  
23 which amounts are paid or expenses are incurred under par. (b) and includes with  
24 that application a statement from the department of health and family services that  
25 verifies that the day care center under par. (b) is licensed under s. 48.65. No credit

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1 may be allowed under this subsection after the department of revenue has awarded  
2 the total amount of the credit for all claimants under par. (c).

3 (e) Subsection (4) (e), as it applies to the credit under sub. (4), applies to the  
4 credit under this subsection.

5 (f) If a credit computed under this subsection is not entirely offset against  
6 income or franchise taxes otherwise due, the unused balance may be carried forward  
7 and credited against income or franchise taxes otherwise due for the following 5  
8 taxable years to the extent not offset by those taxes otherwise due in all intervening  
9 years between the year in which the expense was incurred and the year in which the  
10 carry-forward credit is claimed.

11 (g) Partnerships, limited liability companies and tax-option corporations may  
12 not claim the credit under this subsection, but the eligibility for, and the amount of,  
13 the credit are based on the amount paid or incurred under par. (b). A partnership,  
14 limited liability company or tax-option corporation shall compute the amount of  
15 credit that each of its partners, members or shareholders may claim and shall  
16 provide that information to each of them. Partners, members of limited liability  
17 companies and shareholders of tax-option corporations may claim the credit in  
18 proportion to their ownership interest.

19 (h) Subsection (4) (g) and (h), as it applies to the credit under sub. (4), applies  
20 to the credit under this subsection.

21 (i) If the operation of a day care center under par. (b) 1. ceases within 5 years  
22 after the date on which the construction of the day care center is completed, a  
23 claimant who receives credits under par. (b) 1. and 2. for the construction and  
24 operation of such a day care center shall add to the claimant's liability for taxes

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1 imposed under s. 71.23 an amount equal to the total amount of the credits received  
2 under par. (b) 1. and 2. multiplied by the following percentage:

3 1. If the operation of the day care center ceases during the first year after the  
4 date on which the construction of the day care center is completed, 100%.

5 2. If the operation of the day care center ceases during the 2nd year after the  
6 date on which the construction of the day care center is completed, 80%.

7 3. If the operation of the day care center ceases during the 3rd year after the  
8 date on which the construction of the day care center is completed, 60%.

9 4. If the operation of the day care center ceases during the 4th year after the  
10 date on which the construction of the day care center is completed, 40%.

11 5. If the operation of the day care center ceases during the 5th year after the  
12 date on which the construction of the day care center is completed, 20%.

13 **SECTION 53.** 71.28 (7) of the statutes is created to read:

14 **71.28 (7) CHILD CARE CREDIT.** (a) In this subsection:

15 1. “Qualified child care expenditures” means any amount that is not used in  
16 calculating the credits under subs. (1dd) and (5d) and that is paid to acquire,  
17 construct or rehabilitate property that is to be used as part of a qualified child care  
18 facility of the claimant, if the property may be depreciated or amortized under this  
19 subchapter and if the property is not part of the principal residence of the claimant  
20 or any employe of the claimant; any amount paid for the operating costs of a qualified  
21 child care facility of the claimant, including costs related to training employes, to  
22 scholarship programs and to providing increased compensation to employes who  
23 have higher levels of child care training; any amount paid under a contract with a  
24 child care facility to provide dependent care services to employes of the claimant; and

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1 any amount paid under a contract to provide child care resource and referral services  
2 to employees of the claimant.

3 2. “Qualified child care facility” means a facility that is used primarily to  
4 provide child care assistance, unless the facility is the operator’s principal residence;  
5 that is licensed under s. 48.65 or 48.69; that is open to enrollment to the children of  
6 the employees of the claimant; that is not the claimant’s principal trade or business,  
7 unless at least 30% of the enrollees of the facility are the children of the claimant’s  
8 employees; and that does not discriminate in enrollment in favor of the children of the  
9 claimant’s highly compensated employees, as defined in section 414 (q) of the Internal  
10 Revenue Code.

11 (b) A person may claim as a credit against taxes imposed under s. 71.23, up to  
12 the amount of those taxes, an amount equal to 5% of that person’s qualified child care  
13 expenditures, except that the credit may not exceed \$15,000 a year.

14 (c) Subsection (4) (e) to (h), as it relates to the credit under sub. (4), relates to  
15 the credit under this subsection.

16 **SECTION 54.** 71.30 (3) (ea) of the statutes is created to read:

17 71.30 (3) (ea) Child care credit under s. 71.28 (7).

18 **SECTION 55.** 71.30 (3) (f) of the statutes is amended to read:

19 71.30 (3) (f) The total of farmers’ drought property tax credit under s. 71.28  
20 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under  
21 s. 71.28 (2m), day care center credit under s. 71.28 (5d) and estimated tax payments  
22 under s. 71.29.

23 **SECTION 56.** 71.34 (1) (g) of the statutes is amended to read:

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1           71.34 (1) (g) An addition shall be made for credits computed by a tax-option  
2 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx) ~~and (3), (5d)~~  
3 and (7) and passed through to shareholders.

4           **SECTION 57.** 71.45 (2) (a) 10. of the statutes is amended to read:

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

11           **SECTION 58.** 71.47 (5d) of the statutes is created to read:

12           71.47 (5d) DAY CARE CENTER CREDIT. (a) In this subsection, "claimant" means  
13 a person who files a claim under this subsection.

14           (b) A claimant may claim as a credit against the tax imposed under s. 71.43 any  
15 of the following:

16           1. An amount equal to 50% of the amount paid or incurred by the claimant  
17 during the taxable year to construct and equip a licensed day care center under s.  
18 48.65, that is owned and operated by the claimant, to care for the children of the  
19 claimant's employes during the employes' working hours.

20           2. An amount equal to \$50 a month for each child of a claimant's employe  
21 enrolled in the claimant's day care center under subd. 1. for the taxable year.

22           3. An amount equal to 50% of the amount paid by the claimant during the  
23 taxable year to a licensed day care center under s. 48.65, other than a day care center  
24 under subd. 1., to provide care for the children of the claimant's employes during the  
25 employes' working hours.



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1           (c) The amount of the credit under this subsection shall not exceed \$50,000 in  
2 a taxable year for each claimant, and the total amount of the credit under this  
3 subsection for all claimants shall not exceed \$1,500,000 in a fiscal year.

4           (d) No credit may be allowed under this subsection unless the claimant files an  
5 application with the department of revenue before the end of the taxable year in  
6 which amounts are paid or expenses are incurred under par. (b) and includes with  
7 that application a statement from the department of health and family services that  
8 verifies that the day care center under par. (b) is licensed under s. 48.65. No credit  
9 may be allowed under this subsection after the department of revenue has awarded  
10 the total amount of the credit for all claimants under par. (c).

11           (e) Section 71.28 (4) (e), as it applies to the credit under s. 71.28 (4), applies to  
12 the credit under this subsection.

13           (f) If a credit computed under this subsection is not entirely offset against  
14 income or franchise taxes otherwise due, the unused balance may be carried forward  
15 and credited against income or franchise taxes otherwise due for the following 5  
16 taxable years to the extent not offset by those taxes otherwise due in all intervening  
17 years between the year in which the expense was incurred and the year in which the  
18 carry-forward credit is claimed.

19           (g) Partnerships, limited liability companies and tax-option corporations may  
20 not claim the credit under this subsection, but the eligibility for, and the amount of,  
21 the credit are based on the amount paid or incurred under par. (b). A partnership,  
22 limited liability company or tax-option corporation shall compute the amount of  
23 credit that each of its partners, members or shareholders may claim and shall  
24 provide that information to each of them. Partners, members of limited liability

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1 companies and shareholders of tax-option corporations may claim the credit in  
2 proportion to their ownership interest.

3 (h) Section 71.28 (4) (g) and (h), as it applies to the credit under s. 71.28 (4),  
4 applies to the credit under this subsection.

5 (i) If the operation of a day care center under par. (b) 1. ceases within 5 years  
6 after the date on which the construction of the day care center is completed, a  
7 claimant who receives credits under par. (b) 1. and 2. for the construction and  
8 operation of such a day care center shall add to the claimant's liability for taxes  
9 imposed under s. 71.43 an amount equal to the total amount of the credits received  
10 under par. (b) 1. and 2. multiplied by the following percentage:

11 1. If the operation of the day care center ceases during the first year after the  
12 date on which the construction of the day care center is completed, 100%.

13 2. If the operation of the day care center ceases during the 2nd year after the  
14 date on which the construction of the day care center is completed, 80%.

15 3. If the operation of the day care center ceases during the 3rd year after the  
16 date on which the construction of the day care center is completed, 60%.

17 4. If the operation of the day care center ceases during the 4th year after the  
18 date on which the construction of the day care center is completed, 40%.

19 5. If the operation of the day care center ceases during the 5th year after the  
20 date on which the construction of the day care center is completed, 20%.

21 **SECTION 59.** 71.47 (7) of the statutes is created to read:

22 71.47 (7) CHILD CARE CREDIT. (a) In this subsection:

23 1. "Qualified child care expenditures" means any amount that is not used in  
24 calculating the credits under subs. (1dd) and (5d) and that is paid to acquire,  
25 construct or rehabilitate property that is to be used as part of a qualified child care

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1 facility of the claimant, if the property may be depreciated or amortized under this  
2 subchapter and if the property is not part of the principal residence of the claimant  
3 or any employe of the claimant; any amount paid for the operating costs of a qualified  
4 child care facility of the claimant, including costs related to training employes, to  
5 scholarship programs and to providing increased compensation to employes who  
6 have higher levels of child care training; any amount paid under a contract with a  
7 child care facility to provide child care services to employes of the claimant; and any  
8 amount paid under a contract to provide child care resource and referral services to  
9 employes of the claimant.

10 2. “Qualified child care facility” means a facility that is used primarily to  
11 provide child care assistance, unless the facility is the operator’s principal residence;  
12 that is licensed under s. 48.65 or 48.69; that is open to enrollment to the children of  
13 the employes of the claimant; that is not the claimant’s principal trade or business,  
14 unless at least 30% of the enrollees of the facility are the children of the claimant’s  
15 employes; and that does not discriminate in enrollment in favor of the children of the  
16 claimant’s highly compensated employes, as defined in section 414 (q) of the Internal  
17 Revenue Code.

18 (b) A person may claim as a credit against taxes imposed under s. 71.43, up to  
19 the amount of those taxes, an amount equal to 5% of that person’s qualified child care  
20 expenditures, except that the credit may not exceed \$15,000 a year.

21 (c) Section 71.28 (4) (e) to (h), as it relates to the credit under s. 71.28 (4), relates  
22 to the credit under this subsection.

23 **SECTION 60.** 71.49 (1) (ea) of the statutes is created to read:

24 71.49 (1) (ea) Child care credit under s. 71.47 (7).

25 **SECTION 61.** 71.49 (1) (f) of the statutes is amended to read:

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1           71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47  
2 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under  
3 s. 71.47 (2m), day care center credit under s. 71.28 (5d) and estimated tax payments  
4 under s. 71.48.

5           **SECTION 62.** 77.92 (4) of the statutes is amended to read:

6           77.92 (4) "Net business income", with respect to a partnership, means taxable  
7 income as calculated under section 703 of the ~~internal revenue code~~ Internal  
8 Revenue Code; plus the items of income and gain under section 702 of the ~~internal~~  
9 ~~revenue code~~ Internal Revenue Code; minus the items of loss and deduction under  
10 section 702 of the ~~internal revenue code~~ Internal Revenue Code; plus payments  
11 treated as not made to partners under section 707 (a) of the ~~internal revenue code~~  
12 Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de), (2di),  
13 (2dj), (2dL), (2dr), (2ds), (2dx) ~~and~~, (3s), (5d) ~~and~~ (7g); but excluding income, gain, loss  
14 and deductions from farming. "Net business income", with respect to a natural  
15 person, estate or trust, means profit from a trade or business for federal income tax  
16 purposes and includes net income derived as an employe as defined in section 3121  
17 (d) (3) of the ~~internal revenue code~~ Internal Revenue Code.

18           **SECTION 63. Appropriation changes.**

19           (1) CHILD CARE WORKER LOAN PROGRAM. In the schedule under section 20.005 (3)  
20 of the statutes for the appropriation to the higher educational aids board under  
21 section 20.235 (2) (aa) of the statutes, as affected by the acts of 1999, the dollar  
22 amount is increased by \$8,400 for fiscal year 1999–00 and the dollar amount is  
23 increased by \$8,400 for fiscal year 2000–01 to increase the authorized FTE positions  
24 for the department by 0.5 position for the purpose of administering the child care  
25 worker loan repayment assistance program.

**SENATE BILL 199****1 SECTION 64. Initial applicability.**

2 (1) CHILD CARE CREDIT; DAY CARE CENTER CREDIT. The treatment of sections 71.05  
3 (6) (a) 15., 71.07 (5d) and (7g), 71.08 (1) (intro.), 71.10 (4) (gc) and (i), 71.21 (4), 71.26  
4 (2) (a), 71.28 (5d) and (7), 71.30 (3) (ea) and (f), 71.34 (1) (g), 71.45 (2) (a) 10., 71.47  
5 (5d) and (7), 71.49 (1) (ea) and (f) and 77.92 (4) of the statutes first applies to taxable  
6 years beginning on January 1 of the year in which this subsection takes effect, except  
7 that if this subsection takes effect after July 31, the treatment of those sections first  
8 applies to taxable years beginning on January 1 of the year after the year in which  
9 this subsection takes effect.

10 (2) CHILD AND DEPARTMENT CARE EXPENSES CREDIT. The treatment of sections  
11 71.07 (6m) and 71.10 (4) (cm) of the statutes first applies to taxable years beginning  
12 on January 1 of the year in which this subsection takes effect, except that if this  
13 subsection takes effect after July 31, the treatment of those sections first applies to  
14 taxable years beginning on January 1 of the year following the year in which this  
15 subsection takes effect.

16 (END)