

**1999 DRAFTING REQUEST**

**Bill**

Received: **04/19/99**

Received By: **malaigm**

Wanted: **Today**

Identical to LRB:

For: **Fred Risser (608) 266-1627**

By/Representing: **Leslie Travis**

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

Drafter: **malaigm**

May Contact:

Alt. Drafters: **jkreye  
yacketa  
shoveme  
fasttn**

Subject: **Children - day care  
Tax Credits - miscellaneous  
Public Assistance - Wis works  
Higher Education - miscellaneous**

Extra Copies:

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Child care, funding, eligibility, copayments, quality and availability

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**Instructions:**

See Attached--redraft 1997 SB 163 with attached changes

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>		<u>Required</u>
/?	malaigm 04/19/99			_____			S&L
/1			hhagen 04/19/99	_____	lrb_docadmin 04/19/99		S&L
/2	yacketa	wjackson	mclark	_____	lrb_docadmin	lrb_docadmin	

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typist</u>	<u>Proofed</u>	<u>Submitted</u>		<u>Required</u>
	05/19/99	05/26/99	05/28/99	_____	05/28/99	06/9/99	
	jkreye			_____			
	05/19/99			_____			
	yacketa			_____			
	05/19/99			_____			
	malaigm			_____			
	05/23/99			_____			



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	05/23/99			_____			

FE Sent For:

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Drafter: **malaigm**

May Contact:

Alt. Drafters:

*Pat Mapp 262-1810*

**jkreye  
yacketa  
shoveme  
fasttn**

*Mary Babula 240-9880*

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/?	malaigm	1/1 WLS 4116	4119 dl	4119 JF			

FE Sent For:

<END>



Fax 264-8522

Wisconsin  
Early  
Childhood  
Association

2040 Sherman Ave.  
Madison, WI 53704  
608-240-9880  
1-800-783-9322

Date: 2/24/99

Fax to: Gordon Malaise

Fax from: Mary Babula

Number of pages (including cover page): 3

If problems occur with fax transmission, call WECA at 608-240-9880. WECA fax # 608-240-9890

Here is the summary I have about  
the Governor's Budget.

Child Care Task Force--Wisconsin Women's Network  
Legislative Agenda 1999

The CHILD CARE TASK FORCE proposes legislative steps to:

- \* Help make safe and healthy child care available for Wisconsin families who need it, at a reasonable cost to their parents.
- \* Support increased benefits to the child care work force that will stabilize, sustain and promote overall quality within the child care system.
- \* Continue to build and improve access to child care benefits that support working parents.

The CHILD CARE TASK FORCE endorses the following initiatives for legislative consideration:

**1. TO HELP WORKING FAMILIES:**

TAY No change SB 163

\* Reduce co-payments for low income parents receiving a state child care subsidy to no more than 10% of a family's income. Budget 12% ? ← not in bill, on books

TAY No change SB 163

\* Increase eligibility for a child care subsidy to 255% of poverty (or 85% of state's median income, as is allowed by Federal law.) Budget 185% poverty D-NOTE

TAY In budget D-NOTE

\* Eliminate the age limit for child care services for families with children with special needs. (Eligible up to age 18)

TAY

\* Allow eligible families to use child care benefits under "Wisconsin Shares" (formerly W-2 child care) for education/training programs—leading to gainful employment Former 48.98 49.98

TAY W-2

\* Allow eligible parents with children under 12 months to stay home to care for their babies. (Transitional income level, and reduction to 5 years of benefit would apply.) Permit voluntary participation in W-2

Hold in Robson/Black MES/SK

\* Restore the state tax credit that allows for a percentage of the Federal Dependent Care Tax Credit to be a state tax credit for working families. (A tax cut for working families.) (TAY permits one-time 12-month exemption)

**2. FOR STABILIZING AND SUSTAINING A QUALITY CHILD CARE WORK FORCE:**

In budget Prof. Development 1M 2.5M

\* Establish an initiative to provide scholarships for the child care work force to get additional training. Include mechanism that will provide the child care work force with wage supplements aimed at reducing child care staff turnover, and encouraging higher levels of staff training. including admin. to run program by nonprofit agency for grant

i.e., now RP current requirement that must go back to work via benefit

In 97 draft G-MM

\* Restore the training requirement for all certified providers, and increase the minimum requirement for training in child development for providers receiving public child care funds to 20 hours.

(over)

In draft  
TNF

\* Institute program for loan forgiveness for higher education for early an childhood credential or degree that supports staff longevity in the field.

Mary B. Bala  
will call

[\*Target health care reform initiative for child care work force. - Hold off until they know what they want

4/26/99  
Beidger Car

3. FOR ENSURING SERVICES TO ELIGIBLE FAMILIES THAT HELP PARENTS WORK:

= Make sure  
unspent TAVER  
G-PR are not  
LEB  
Budget Request

\* Earmark and use in the 1999 fiscal year, all dollars left in last year's budget for child care. Use the surplus to reduce child care co-payments and to raise the income threshold for child care eligibility. Continue to earmark child care unspent child care funds to be spent in the next fiscal year for child care purposes.

\* Mandate that the Office of Child Care develop a comprehensive plan for provider sustainability, for an infrastructure that:

Merge all funding  
sources to provide  
for equity among  
providers

- coordinates local and statewide efforts to maximize early care and education dollars for all families
- strengthens and stabilizes the child care workforce
- ensures sufficient qualified child care providers in coming years at wages commensurate with other early care providers
- gradually raises the family eligibility cap to 255% of state median income toward creating subsidy equality between early childhood and post secondary education.

(No)

\* Mandate that by July, 1999, the Legislative Audit Bureau collect data on child care usage by parents with children with special needs, disabilities and illnesses, to determine effectiveness of program.

In draft  
TAYLOR COMM

\* Create Early Childhood Councils in each county to provide "review and comment" on county expenditures for early childhood programs, ease of parent access to these programs and coordination of care and education services.

ME/S/JK  
In draft

\* Create state tax credits for employers who provide any of a range of child care benefits to employees or the community.

DPI  
proposal

4. SUPPORT THE DEPARTMENT OF PUBLIC INSTRUCTION'S EARLY LEARNING INITIATIVE (See attached)

Our Task Force supports the funding proposals for the early learning initiative, with the two changes itemized here:

ie, not school setting because 4-yr. k today

PG/MJL

1. Full funding for four year old kindergarten: We want to see at least 20% of the funds designated for providing these programs in full day child care settings, to accommodate parents' and children's needs.

No-  
see revised  
instructions

PG/MJL

2. Additional funding for School Nutrition Programs: we want the State of Wisconsin to supplement federal funds for the Child Care Food Program. \$1 million is requested to restore the cuts made in meal reimbursement rates by the federal government in July 1997.

Risser  
4/19/99  
letter

\*\*Contact WI Early Childhood Association: 608/240-9880 for more information\*\*

1/11/99

**GOVERNOR TOMMY THOMPSON'S PROPOSED INITIATIVES  
WISCONSIN 1999-2001 BIENNIAL BUDGET  
CHILD CARE AND EARLY CHILDHOOD EDUCATION**

**1. CHILD CARE SUBSIDY PROGRAM INITIATIVES**

***Child Care Copay Changes Proposed:***

- Lower the maximum parent copayment from 16 percent to 12 percent of a family's income.
- Reduce parent copayments for children in **part-time care**. This initiative would help families who have children only in after-school care and other part-time settings.
- Reduce parent copayments for parents in their first month of unsubsidized employment, after leaving a W-2 employment position.

***Child Care Eligibility Changes Proposed:***

- Increase initial financial eligibility to **185 percent** of the federal poverty, rather than 165 percent of poverty. Under this change, a family of 3 would be eligible with annual income at or below \$25,248, rather than the current level of \$22,524 (federal poverty level figures are revised annually). Once eligible, families would continue to be income eligible up to 200 percent of poverty (\$27,300 for a family of 3).
- Establish eligibility for parents with **disabled** children ages 13-18. Current statutes limit child care eligibility to children under age 13.
- Eliminate the **family asset test** as an eligibility requirement for child care subsidies. Current statutes require that parents must have assets below \$2,500 in combined equity value.
- Expand eligibility to income-eligible parents who are pursuing **basic education** or training, including high school equivalency courses and English as a Second Language courses.
- Reduce the requirement for **attachment to the workforce** to 3 months (from 9 months) for individuals to be eligible for child care in order to attend approved **technical college** courses.
- Adjust the income test to reflect **net income**, rather than gross income, for farm and self-employment income.
- No longer count **child support payments** as income in determining eligibility.

***Changes in Administration Proposed:***

- Adjust the rules for county administrative allocations so that counties are **guaranteed a base amount** for administration, based on the previous year's spending.
- Create an **automated provider file** containing data on all licensed and certified child care providers statewide.
- Fund child care administrative costs for operation of Milwaukee County child care program for foster parents.

## **2. INITIATIVES TO IMPROVE THE QUALITY AND AVAILABILITY OF CHILD CARE AND EARLY CHILDHOOD EDUCATION PROGRAMS**

- Provide **\$10 million** to develop state-of-the-art **Early Childhood Excellence Initiative** across the state. The centers would provide a rich, stimulating environment and programming to ensure that young children ages 0-4 reach their full potential, based on recent research on children's early brain development. This initiative includes parent education, training of child care staff, and grants to child care providers.
- Provide **\$3.5 million** over the biennium for a **child care scholarship and training program**, modeled after North Carolina's T.E.A.C.H. Early Childhood program. This "child care careers" initiative is designed to improve the recruitment and retention of child care workers, and to increase their training and education.
- Appropriate an additional **\$8.8 million** over the biennium for **grants** other programs to improve the availability and quality of child care programs statewide. The grants would be administered statewide by 17 Child Care Resource and Referral agencies, using local needs assessments to target funds where they are most needed. This initiative also includes subsidies for providers that serve low-income children, funding for providers that hire W-2 participants as workers, and an earmarked \$1 million fund per year for establishment of back-up care for sick children.
- Provide **\$3.2 million** in loan guarantees, non-interest bearing loans, and loan subsidies through the Wisconsin Housing and Economic Development Authority (WHEDA), for child care facilities, development of sick care facilities, and Early Childhood Program of Excellence centers.
- Provide an additional **\$9.9 million** over the biennium to **expand Head Start** programs to full-time and/or to fund Head Start programs for children 0-4.
- Provide **\$20 million** for **Community Youth Grants**. This initiative includes funding for the Safe and Sound program in Milwaukee, and could support other after-school programs for children statewide.
- Increase the base funding to **Child Care Resource and Referral (CCRR) centers** by **\$640,000**, bringing the annual allocation to \$2 million statewide. This initiative would help parents find and select child care, help new child care providers get started, and provide support to existing providers.
- Provide an additional **\$1.9 million** for **child care licensing positions**, so that DHFS has sufficient licensing staff to effectively monitor child care facilities, investigate complaints, provide technical assistance, and take enforcement actions as necessary.
- Provide **\$580,000** in additional funds for the **Safe Child Care** program, to increase on-site inspections, technical assistance, and training to county-certified family child care providers..



**WECA**

264-8522

Wisconsin  
Early  
Childhood  
Association

2040 Sherman Ave.  
Madison, WI 53704  
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1-800-783-9322

Date: 4/14/99

Fax to: Gordon Malaise

Fax from: Mary Babula

Number of pages (including cover page): 3

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**FRED A. RISSER**  
President  
Wisconsin State Senate

April 9, 1999



To: All Legislators  
From: Senator Fred Risser *FAR*  
Re: ~~Compassionate Child Care~~

The Child Care Task Force of the Wisconsin Women's Network has a very important legislative agenda for 1999.

I will be introducing a comprehensive "Compassionate Child Care" bill within the next few weeks that encompasses this agenda. Your support and co-sponsorship would be most appreciated. I hope that you will all review the following description of proposals, and join me in support of these important initiatives.

Along with the Child Care Task Force we propose legislative steps to:

- Ensure safe, healthy and quality child care for Wisconsin families who need it.
- Increase benefits for the child care work force that will stabilize, sustain and promote overall quality within the child care system.
- Build and improve access to child care benefits that support the capacity of parents to work and raise their children.

We are promoting the following legislative initiatives:

**For Working Families:**

- Reduce co-payments for low income parents receiving a state child care subsidy to no more than 10% of a family's income.
- Increase eligibility for a child care subsidy to 85% of the state's median income, as is allowed by Federal law.
- Raise the age limit for child care services for families with children with special needs to 18 years of age.
- Allow eligible families to use the child care benefits under "Wisconsin Shares" (formerly W-2 child care) for education/training programs.
- Allow parents with children under 12 months voluntary participation in work or training in the W-2 program.
- Restore the state tax for a percentage of the Federal Dependent Care Tax Credit to be a state tax credit for working families.

**For a Quality Child Care Work Force:**

- Establish an initiative to provide scholarships for the child care work force to get additional training. Include a mechanism that will provide the child care work force with wage supplements aimed at reducing child care staff turnover, and encouraging higher levels of staff training. (\$3.5 million for the biennium).
- Restore the training requirements for all certified providers, and increase the minimum requirement for training in child development for providers receiving public child care funds to 20 hours.
- Institute a program for loan forgiveness for higher education for an early childhood credential or degree that supports staff longevity in the field.
- Target health care reform initiatives for the child care work force to provide for access to health insurance through a pool for small child care businesses, and subsidize the cost of insurance for child care programs.

**For an Improved Early Childhood Care and Education System:**

- Earmark and use in the 1999 fiscal year, all dollars left in last year's budget for child care. Use the surplus to reduce child care co-payments and to raise the income threshold for child care eligibility. Continue to earmark unspent child care funds to be spent in the next fiscal year for child care purposes. Do not eliminate GPR from child care base funding.
- Mandate that the Office of Child Care develop a comprehensive plan to:
  - Coordinate local and statewide efforts to maximize early care and education dollars for all families.
  - Strengthen and stabilize the child care workforce through training and improved wages.
  - Ensure that state and federal resources for child care and early education for low income families are protected.
- Create Early Childhood Councils in each county to provide "review and comment" on county expenditures for early childhood programs, ease of parent access to these programs and coordination of care and education services.
- Create state tax credits for employers who provide any of a range of child care benefits to employees or the community.

WANTED  
4-19

D - NOTE

1997-1998 LEGISLATURE

2439/1  
LRB-0305/2  
GM/TF/TC/TY/IS/WC/JF  
Redraft not  
ms:wlj  
mm

# 1997 SENATE BILL 163

WPO: Please proof  
all amended stats.  
w/stats. Thanks.

April 9, 1997 - Introduced by Senators ~~RISSE, CLAUSING, BURKE, GEORGE, PLACHE~~  
and ~~MOORE~~, cosponsored by Representatives ~~R. POTTER, ROBSON, BLACK, BOYLE,~~  
~~L. YOUNG, TURNER, MORRIS-TATUM, NOTESTEIN, LA FAVE, CULLEN, RYBA,~~  
~~BALDWIN, PLOUFF, HANSON, RILEY, SPRINGER, WASSERMAN, BOCK and BAUMGART.~~  
Referred to Committee on Labor, Transportation and Financial Institutions.

Regenerate

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

10

**SENATE BILL 163**

- 1 tax credit for employers who provide child care; ~~funding for child care resource~~
- 2 ~~and referral services;~~ granting rule-making authority; and making *creating a nonrefundable individual income tax credit for certain expenses related to child or dependent care;*
- 3 appropriations.

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

This bill makes various changes relating to child care.

Sub-sub → ***Early childhood councils***

(w) The bill requires the department of ~~industry, labor and job~~ <sup>workforce</sup> development (DILJ) 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.

sub-sub → ***Child development and safety training*** <sup>AtD</sup>

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

Insert  
A-1

DILJ

**SENATE BILL 163**

*under the W-2 program*

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

***Special needs child care***

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

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

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

***Child care copayment requirement***

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

*DWD*

*DWD to develop a*

*based on an individual's ability to pay*

**Sub-sub → *Child care worker loan repayment assistance***

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

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

*Insert (B)*

SENATE BILL 163

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

**Child care resource and referral services**

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

Sub-Sub → **Wisconsin works child care**

INSERT ANAL 46

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

1. Meet the school attendance requirement under the learnfare program.
2. Work in an unsubsidized job, including training provided by an employer during the regular hours of employment.
3. Work in a W-2 employment position, including required participation in education or training activities.

4. Participate in ~~other~~ employment skills training, including an English as a 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 ~~DILJD~~ <sup>DWD</sup> ~~DWD~~ <sup>funding for that purpose</sup>.

Finally, an individual may receive child care funding to:

~~Not~~ An individual may receive ~~aid~~ to participate in other employment skills training for up to one year and only if the individual meets at least one of the following conditions:

1. The individual has been employed in unsubsidized employment for ~~nine~~ <sup>nine</sup> consecutive months and continues to be so employed.
2. The individual is a participant in a W-2 employment position.

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

INSERT ANAL 46

Sub-Sub → **Other Wisconsin works**

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

Sub-Sub → **Tax credits**

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

\$673

**SENATE BILL 163**

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

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

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

				1999-2000	2000-01
3				1997-98	1998-99

4 20.235 Higher educational ~~aid programs~~ <sup>aids board</sup>

5 (1) STUDENT SUPPORT ACTIVITIES

6 (cw) Child care worker loan repay-

7	ment assistance	<sup>B</sup> GPR	B	50,000	50,000
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8 20.445 ~~Industry, labor and job~~ <sup>Workforce</sup> development,  
9 department of

10 (3) ECONOMIC SUPPORT

11 (ct) Local early childhood council

12	grants	GPR	C	100,000	100,000
----	--------	-----	---	---------	---------

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

14 ~~20.235 (title) Higher educational aid programs~~

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

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

SENATE BILL 163

SECTION 4

Insert 6-4

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

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

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

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

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

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

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

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

20 (3) The agency shall:

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

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

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

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

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

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

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

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

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

## SENATE BILL 163

## SECTION 7

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

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

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

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

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

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

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

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

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

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

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

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

## SENATE BILL 163

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

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

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

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

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

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

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

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

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

SENATE BILL 163

SECTION 18

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

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

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

8 SECTION 20. 49.135<sup>↓</sup> of the statutes is created to read:

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

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

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

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

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

**SENATE BILL 163**

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

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

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

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

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

**SENATE BILL 163**

**SECTION 20**

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

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

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

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

13 (d) Advise the county department under s. 46.215, 46.22 or 46.23 on the  
14 development of the county department's proposed budget for the expenditure of  
15 funds allocated under ss. ~~49.13 and 49.13~~ <sup>s. 49.175 (1)(o) <sup>✓</sup> and (p) <sup>✓</sup></sup>

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

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

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

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

24 (d) One elected county official.

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

SENATE BILL 163

49.175 (1)(d) or (p)

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

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

10 SECTION 21. 49.136 (7) (a)<sup>✓</sup> of the statutes is amended to read:

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

17 SECTION 22. 49.137 (4) (gm) of the statutes is created to read:  
18 49.137 (4) (gm) Providing training to child care providers in providing child  
19 care for children with special needs and developing a network of child care providers  
20 who are qualified to provide child care for children with special needs.

21 SECTION 23. 49.137 (6)<sup>✓</sup> of the statutes is amended to read: <sup>renumbered</sup> 49.137 (6)(b).<sup>✓</sup>

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

25 SECTION 24. 49.137 (6) (a)<sup>✓</sup> of the statutes is created to read:

SENATE BILL 163

SECTION 24

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

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

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

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

12 49.148 (1m) (a) A custodial parent of a child who is 12 weeks old one year old  
 13 or less and who meets the eligibility requirements under s. 49.145 (2) and (3) may  
 14 receive a monthly grant of ~~\$600~~ <sup>\$675 \$625</sup>. A Wisconsin works agency may not require a  
 15 participant under this subsection to participate in any employment positions.  
 16 Receipt of a grant under this subsection ~~does not constitute~~ <sup>constitutes</sup> participation in a  
 17 Wisconsin works employment position for ~~purposes~~ <sup>purpose</sup> of the time ~~limits~~ <sup>limit</sup> under s. 49.145  
 18 (2) (n) or ~~49.147 (3) (c), (4) (b) or (5) (b) 2.~~ <sup>2, or (c)4.</sup> if the child is born to the participant not more  
 19 than 10 months after the date that the participant was first determined to be eligible  
 20 for assistance under s. 49.19 or for a Wisconsin works employment position.

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

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

but does not constitute participation in a wisconsin works employment  
 for the purposes of the time limits under s.

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Insert  
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14-26

SENATE BILL 163

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

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

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

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

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

14  
Insert  
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16 SECTION 31. 49.155 (5) of the statutes is amended to read:

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

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

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

s. 49.175 (1)(a) and (p)

SENATE BILL 163

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

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

5 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),  
6 (2di), (2dj), (2dL), (2dr) ~~and (2ds)~~ <sup>plain</sup> (2ds) <sup>(2dx) and (3s)</sup> and (7g) and not passed through by a partnership,  
7 limited liability company or tax-option corporation that has added that amount to  
8 the partnership's, company's or tax-option corporation's income under s. 71.21 (4) or  
9 71.34 (1) (g).

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

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

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

24 2. "Qualified child care facility" means a facility <sup>that is used primarily</sup> ~~the principal use of which is~~  
25 to provide child care assistance, unless the facility is the operator's principal

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SENATE BILL 163

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

8 (b) ~~Any~~ person may claim as a credit against taxes ~~otherwise due~~ <sup>imposed</sup> under ~~this~~  
 9 ~~subchapter~~ <sup>an amount equal to</sup> 5% of that person's qualified child care expenditures, except that the  
 10 credit may not exceed \$15,000 <sup>a</sup> in ~~any~~ year. <sup>, up to the amount of those taxes,</sup>

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

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

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

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

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

23 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
 24 (2dj), (2dL) ~~and~~ <sup>plain</sup> (2ds) <sup>(2dx) and (3s)</sup> and (7g) and passed through to partners or members shall be  
 25 added to the partnership's or limited liability company's income.

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

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SENATE BILL 163

SECTION 38

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

2 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means

3 the gross income as computed under the ~~internal revenue code~~ <sup>Internal Revenue Code</sup> as modified under

4 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit

5 computed under s. 71.28 (1) and (3) to (5) plus the amount of the credit computed

6 under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL) ~~and (1ds)~~ <sup>plain and (1dx)</sup> and (7) and not passed

7 through by a partnership, limited liability company or tax-option corporation that

8 has added that amount to the partnership's, limited liability company's or tax-option

9 corporation's income under s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from

10 the sale or other disposition of assets the gain from which would be wholly exempt

11 income, as defined in sub. (3) (L), if the assets were sold or otherwise disposed of at

12 a gain and minus deductions, as computed under the ~~internal revenue code~~ <sup>Internal Revenue Code</sup> as

13 modified under sub. (3), plus or minus, as appropriate, an amount equal to the

14 difference between the federal basis and Wisconsin basis of any asset sold,

15 exchanged, abandoned or otherwise disposed of in a taxable transaction during the

16 taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).

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

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

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

SENATE BILL 163

1 programs and to providing increased compensation to employees who have higher  
2 levels of child care training ~~and~~ any amount paid under a contract with a child care  
3 facility to provide dependent care services to employees of the claimant ~~and~~ any  
4 amount paid under a contract to provide child care resource and referral services to  
5 employees of the claimant. *that is used primarily*

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

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

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

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

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

21 71.34 (1) (g) An addition shall be made for credits computed by a tax-option  
22 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL) ~~and~~ <sup>claim (1d) and (3)</sup> (1ds) and (7) and  
23 passed through to shareholders.

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

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

*s. 71.23, up to the  
amount of those  
taxes*

SENATE BILL 163

SECTION 42

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

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

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

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

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

*the*

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*of the facility*  
*the*

*employees;*

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

*an amount equal to*  
*subchapter*

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

*imposed*

*s. 71.43, up to the*  
*amount of those*  
*taxes;*

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

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

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

11 77.92 (4) "Net business income", with respect to a partnership or ~~limited~~

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~~liability company~~ means taxable income as calculated under section 703 of the  
Internal Revenue Code

~~internal revenue code~~, plus the items of income and gain under section 702 of the  
Internal Revenue Code

~~internal revenue code~~; minus the items of loss and deduction under section 702 of the  
Internal Revenue Code

~~internal revenue code~~; plus payments treated as not made to partners under section  
Internal Revenue Code

707 (a) of the ~~internal revenue code~~; plus the credits claimed under s. 71.07 (2dd),  
*(2dx) and (2s)*

(2de), (2di), (2dj), (2dL), (2dr) ~~and~~ (2ds) and (7g); but excluding income, gain, loss and  
deductions from farming. "Net business income", with respect to a natural person,

estate or trust, means profit from a trade or business for federal income tax purposes

and includes net income derived as an employe as defined in section 3121 (d) (3) of

the ~~internal revenue code~~ Internal Revenue Code = = =

*higher educational*  
*aids board*

*20.235 (2)(aa)*

SECTION 46. Appropriation changes.

*CS* (1) ~~In the schedule under section 20.005 (3) of the statutes for the appropriation~~  
~~to the department of public instruction under section 20.235 (2)(aa) of the statutes,~~

as affected by the acts of 1999, the dollar amount is increased by \$8,400 for fiscal year

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

SENATE BILL 163

SECTION 46

*and the dollar amount is increased by \$8,400 for fiscal year 2000-01*

①

199~~8-01~~<sup>9 00</sup> to increase the authorized FTE positions for the department by 0.5 position for the purpose of administering the child care worker loan repayment assistance program.

SECTION 47. Initial applicability.

5

(1) CHILD CARE CREDIT. The treatment of sections 71.05 (6) (a) 15. 71.07 (7g), 71.08 (1)

⑥

(intro.) 71.07 (7g), 71.10 (4) (gc), 71.21 (4), 71.26 (2) (a), 71.28 (7), 71.30 (3) (ea), 71.34 (1) (g), 71.45 (2) (a) 10., 71.47 (7), 71.49 (1) (ea) and 77.92 (4) of the statutes first apply <sup>ESTET</sup> to taxable years beginning on January 1 of the year in which this subsection takes effect, except that if this subsection takes effect ~~on or~~ after ~~August 1,~~ <sup>July 31</sup> the treatment of those sections first applies to taxable years beginning on January 1 of the year after the year in which this subsection takes effect.

INS  
82-11

12

(END)

Insert A-1

No  
#

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  
(ed draft)

# 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*

INS  
ANL-TAX

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:**

1999-2000 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-2134/lins  
TAY.....

1 *No 4* **insert anal 4a**

*2* 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.

2 **insert anal 4b**

*No 4* / the bill *g* directs DWD *g* 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 ~~10%~~ of his or her family income for the cost of child care received.

*ten percent*

Insert (B)

~~1997 ASSEMBLY BILL 328~~

February 25, 1998 - Introduced by Representatives BOCK, NOTESTEIN, HANDRICK, STASKUNAS, TURNER, R. YOUNG, L. YOUNG, R. POTTER, BALDWIN, LA FAVE and SPRINGER, cosponsored by Senators BURKE, PLACHE, RISSER and DARLING. Referred to Committee on Colleges and Universities.

1 AN ACT to create 20.235 (1) (cw) and 39.385 of the statutes; relating to: the child  
2 care worker loan repayment assistance program, granting rule-making  
3 authority and making an appropriation.

~~Analysis by the Legislative Reference Bureau~~

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 100% 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: ten percent

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, 1997, with a degree in an area relating to early childhood education.
3. The child care worker is currently ~~in~~ <sup>ing</sup> repayment ~~on~~ <sup>SET</sup> of 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 ~~4~~ <sup>four</sup> additional reimbursements, in the same manner as initial reimbursement under the program.

~~ASSEMBLY BILL 328~~ Insert 6-4 (page 1 of 2)

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:*

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

			1997-98	1998-99
<b>20.235 Higher educational aids board</b>				
(1) STUDENT SUPPORT ACTIVITIES				
(cw) Child care worker loan repayment assistance program	GPR	B	65,000	95,000

SECTION 2. 20.235 (1) (cw) of the statutes is created to read:

20.235 (1) (cw) *Child care worker loan repayment assistance program.*

Biennially, the amounts in the schedule for the child care worker loan repayment assistance program for private institutions under s. 39.385.

SECTION ~~39.385~~ 39.385<sup>✓</sup> of the statutes is created to read:

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

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

- (a) Have graduated on or after May 1, ~~1997~~<sup>1999</sup>, with a bachelor's degree from an institution of higher education, as defined in s. 39.32 (1) (a), located in this state or a degree under an associate degree program, as defined in s. 38.01 (1), in an area relating to early childhood education.

ASSEMBLY BILL 2828

Insert 6-4 (page 2 of 2)  
STEP

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

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

5 (2) The board shall:

6 (a) Reimburse a child care worker for 10% of the outstanding principal amount  
7 of any student loans of the child care worker or \$1,000, whichever is less, for the  
8 12-month period of eligibility under sub. (1). As a condition of eligibility for loan  
9 repayment assistance under this paragraph, the child care worker shall submit to  
10 the board, on a form prescribed by the board, a statement certified by the lender of  
11 an applicable student loan, within 30 days previous to the filing of the submission,

12 <sup>indicating</sup> certifying that the loan repayment status of the borrower is not in default and the outstanding  
13 principal amount of the applicable student loan.

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

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

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

25

~~6-4~~

(end of insert)

INSERT 14-10

Section #. 49.148 (1m) (a) of the statutes, as affected by 1997 Wisconsin Act 27, is amended to read:

49.148 (1m) (a) A custodial parent of a child who is ~~12 weeks old~~ <sup>one year old</sup> or less and who meets the eligibility requirements under s. 49.145 (2) and (3) may receive a monthly grant of ~~\$673~~ <sup>\$628</sup> unless another adult member of the custodial parent's Wisconsin works group is participating in, or is eligible to participate in, a Wisconsin works employment position or is employed in unsubsidized employment, as defined in s. 49.147 (1) (c). A Wisconsin works agency may not require a participant under this subsection to participate in any employment positions. Receipt of a grant under this subsection ~~does not constitute~~ <sup>constitutes</sup> participation in a Wisconsin works employment position for purposes <sup>the purpose</sup> of ~~the time limit~~ <sup>calculating</sup> ~~its~~ <sup>limit</sup> under s. 49.145 (2) (n) or 49.147 (3) (c), (4) (b) 2. or (c) 4. or (5) (b) 2. if the child is born to the participant not more than 10 months after the date that the participant was first determined to be eligible for assistance under s. 49.19 or for a Wisconsin works employment position.

NOTE: Par. (a) is shown as amended eff. 2-1-99 by 1997 Wis. Act 27. Prior to 2-1-99 it reads:

~~(a) A custodial parent of a child who is 12 weeks old or less and who meets the eligibility requirements under s. 49.145 (2) and (3) may receive a monthly grant of \$673 unless another adult member of the custodial parent's Wisconsin works group is participating in, or is eligible to participate in, a Wisconsin works employment position or is employed in unsubsidized employment, as defined in s. 49.147 (1) (c). A Wisconsin works agency may not require a participant under this subsection to participate in any employment positions. Receipt of a grant~~

~~but does not constitute participation in a Wisconsin works employment position for the purpose of calculating the time limits under s.~~

BILL

INSERT 14-20

SECTION 1238

1 49.151 (1) (f) If the individual is a participant under s. 49.147 (4) (c), the  
 2 individual fails, without good cause, to participate in job search activities required  
 3 under s. 49.147 (4) (c) 3.

4 SECTION 1239. 49.155 (1) (ad) of the statutes is created to read:

5 49.155 (1) (ad) "Administering agency" means the county department, a tribal  
 6 governing body or the Wisconsin works agency that is required by the department  
 7 under sub. (3) (a) or (am) to administer child care assistance under this section.

8 SECTION 1240. 49.155 (1) (aj) of the statutes is created to read:

9 49.155 (1) (aj) "County department" means a county department under s.  
 10 46.215, 46.22 or 46.23.

11 SECTION 1241. 49.155 (1) (aL) of the statutes is created to read:

12 49.155 (1) (aL) "Disabled" means physically or mentally incapable of caring for  
 13 oneself.

14 SECTION 1242. 49.155 (1) (am) of the statutes is amended to read:

15 49.155 (1) (am) "Level I certified family day care provider" means a day care  
 16 provider certified under s. 48.651 (1) (1m) (a).

17 SECTION 1243. 49.155 (1) (b) of the statutes is amended to read:

18 49.155 (1) (b) "Level II certified family day care provider" means a day care  
 19 provider certified under s. 48.651 (1) (1m) (b).

20 SECTION 1244. 49.155 (1g) (intro.) of the statutes is amended to read:

21 49.155 (1g) DISTRIBUTION OF FUNDS. (intro.) Subject to sub. (1j) and s. 16.54(2),  
 22 the department shall, within the limits of the availability of the federal child care and  
 23 development block grant funds received under 42 USC 9858, do all of the following:

24 SECTION 1245. 49.155 (1g) (b) of the statutes is amended to read:

Insert 14-20  
cont.

page 2 of 3

Section #. 49.155 (1d) (a) of the statutes is amended to read:

Hint

shall

49.155 (1d) (a) The department shall promulgate rules establishing standards for the certification of child care providers under s. 48.651. In establishing the requirements for certification as a Level II certified family day care provider, the department may not include a requirement for training for providers.

History: 1995 a. 289; 1997 a. 27. s. 1766 to 1775. 1838 to 1857; 1997 a. 41, 105, 237, 252.

have at least 20 hours of  
training in child development  
and safety

~~(insert)~~



**BILL**

SECTION # AM; 49.155(1m)(intro.)

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

6           **SECTION 1249.** 49.155 (1m) (a) (intro.) of the statutes is amended to read:

7           49.155 (1m) (a) (intro.) The individual is a parent of a child who is under the  
 8           age of 13, or, if the child is disabled, is under the age of 19; or is a person who, under  
 9           s. 48.57 (3m) or (3n), is providing care and maintenance for a child who is under the  
 10          age of 13, or, if the child is disabled, is under the age of 19; and child care services  
 11          for that child are needed in order for the individual to do any of the following:

12          **SECTION 1250.** 49.155 (1m) (a) 4. (intro.) of the statutes is amended to read:

13          49.155 (1m) (a) 4. (intro.) Participate in other employment skills training If the  
 14          Wisconsin works agency determines that basic education would facilitate the  
 15          individual's efforts to obtain or maintain employment, participate in basic education,  
 16          including an English as a 2nd language course, if the Wisconsin works agency  
 17          determines that the course would facilitate the individual's efforts to obtain  
 18          employment; literacy tutoring; or a course of study meeting the standards  
 19          established by the state superintendent of public instruction under s. 115.29 (4) for  
 20          the granting of a declaration of equivalency of high school graduation; a course of  
 21          study at a technical college, if the Wisconsin works agency determines that the  
 22          course would facilitate the individual's efforts to obtain or maintain employment; or  
 23          participation in educational courses that provide an employment skill, as  
 24          determined by the department. An individual may receive aid under this subdivision

(end of insert)

INSERT 15-15

page 1 of 7

Section #. 49.155 (1m) (c) 1. of the statutes is amended to read:

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

History: 1995 a. 289; 1997 a. 27, s. 1766 to 1775, 1838 to 1857; 1997 a. 41, 105, 237, 252.

INSERT 15-15

page 2 of 7

Section #. 49.155 (1m) (c) 1g. of the statutes is amended to read:

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

History: 1995 a. 289; 1997 a. 27, s. 1766 to 1775, 1838 to 1857; 1997 a. 41, 105, 237, 252.

INSERT 15-15  
page 3 of 7

Section #. 49.155 (1m) (c) 1h. of the statutes is amended to read:

49.155 (1m) (c) 1h. The individual is a relative of the child, is providing care for the child under a court order and is receiving payments under s. 48.57 (3m) on behalf of the child and the child's biological or adoptive family meets the asset limit under s. 49.145 (3) (a) and has a gross income that is at or below ~~200% of the poverty line~~ <sup>85% of the state median income</sup>. In calculating the gross income of the child's biological or adoptive family, the Wisconsin works agency shall include income described under s. 49.145 (3)

(b) 1. to 3.

History: 1995 a. 289; 1997 a. 27, s. 1766 to 1775, 1838 to 1857; 1997 a. 41, 105, 237, 252.

INSERT 15 7 15  
Page 49 7

Section #. 49.155 (1m) (c) 1m. of the statutes is amended to read ~~as follows~~ *repealed*

~~49.155 (1m) (c) 1m. The individual was eligible under s. 49.132 (4) (a), 1995 stats., for aid under s. 49.132, 1995 stats., and received aid under s. 49.132, 1995 stats., on September 30, 1997, but lost aid solely because of the application of s. 49.132 (6), 1995 stats., and the gross income of the individual's family is at or below 200% of the poverty line for a family the size of the individual's family.~~

~~This subdivision does not apply to an individual whose family's gross income at any time on or after September 30, 1997, is more than 200% of the poverty line for a family the size of the individual's~~

~~family.~~ 85% of the state median income

History: 1995 a. 289; 1997 a. 27. s. 1766 to 1775, 1838 to 1857; 1997 a. 41, 105, 237, 252.

85% of the state  
median income

*repealed*

Section #. 49.155 (1m) (c) 2. of the statutes is amended to read

49.155 (1m) (c) 2. The individual was eligible under s. 49.132 (4) (am), 1995 stats., for aid under s. 49.132, 1995 stats., and received aid under s. 49.132, 1995 stats., on or after May 10, 1996, but lost eligibility solely because of increased income, and the gross income of the individual's family is at or below ~~200%~~ <sup>85% of the state median income</sup> of the poverty line for a family the size of the individual's family. This subdivision does not apply to an individual whose family's gross income increased to more than 200% of the poverty line for a family the size of the individual's family <sup>85% of the state median income</sup>

History: 1995 a. 289; 1997 a. 27, s. 1766 to 1775, 1838 to 1857; 1997 a. 41, 105, 237, 252.

Section #. 49.155 (1m) (c) 3. of the statutes is ~~amended to read~~ *repealed*

~~49.155 (1m) (c) 3. The individual was eligible for a child care subsidy under s. 49.191 (2) on or after May 10, 1996, and received a child care subsidy on or after May 10, 1996, but lost the subsidy solely because of increased income, and the gross income of the individual's family is at or below 200% of the poverty line for a family the size of the individual's family. This subdivision does not apply to an individual whose family's gross income increased to more than 200% of the poverty line for a family the size of the individual's family.~~

*85% of the state median income*

*85% of the state median income*

History: 1995 a. 289; 1997 a. 27, s. 1766 to 1775, 1838 to 1857; 1997 a. 41, 105, 237, 252.

Insert 15-15

Page  
7 of 7

Section #. 49.155 (3m) (a) of the statutes is amended to read:

49.155 (3m) (a) The department shall reimburse child care providers or shall distribute funds to county departments under s. 46.215, 46.22 or 46.23 for child care services provided under this section and to private nonprofit agencies that provide child care for children of migrant workers.

History: 1995 a. 289; 1997 a. 27, s. 1766 to 1775, 1838 to 1857; 1997 a. 41, 105, 237, 252.

The department may not reimburse a child care provider,  
and no funds distributed under this paragraph may  
be used to pay for child care services, unless the  
person to whom the payment is made and all  
employees of that person who provide care and  
supervision for children have received not less than  
20 hours of training in child development and  
safety.

(Ed. of mt)

ASSEMBLY BILL 166

SECTION 1

INS 16-9 p. 1 of 2

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

ⓓ

ASSEMBLY BILL 166

INS  
16-9,  
P. 2010

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

2  
3

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

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5

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

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

14  
15

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

INS  
17-19

16  
17

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

18

SECTION 4. Initial applicability.

19  
20  
21  
22  
23

(2) This act first applies to taxable years beginning on January 1 of the year in which this subsection takes effect, except that if this subsection takes effect after July 31, the treatment of those sections first applies to taxable years beginning on January 1 of the year following the year in which this subsection takes effect.

INS  
22-11

END  
CS = Child and dependent care expenses credit

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

2939/1dn  
LRB-2134/1dn  
TAY.../:...  
WLJ

Senator Risser:

Your aide, Leslie, asked me to delineate the items in this draft that are addressed in the 1999-2001 budget bill (budget bill).

1. Under the budget bill, child care is expanded to include care for disabled children up to age 18. I have included the same provision in this draft per Leslie's instructions.

2. The budget bill also increases the income eligibility for child care funding to 185% of the federal poverty line (up from 165% of the FPL). This bill increases the income eligibility to 85% of the state median income.

3. The budget reduces (and in some cases eliminates) the attachment to the workforce requirement for funding for child care needed in order to participate in certain education and training activities. This bill eliminates the requirement altogether.

In addition, the drafting instructions ask to specify that a parent of an infant be permitted (but not required) to participate in a W-2 employment position. It is unnecessary to specify that a parent with a child under the age of 12 months may participate in a W-2 employment position. Nothing in current law suggests that the parent of an infant is disqualified from participating in a W-2 employment position, only that the parent may not be compelled to participate in order to receive the cash assistance.

Tina A. Yacker  
Legislative Attorney  
Phone: (608) 261-6927  
E-mail: Tina.Yacker@legis.state.wi.us

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-2939/1dn  
TAY:wlj:hmh

April 19, 1999

Senator Risser:

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Tina A. Yacker  
Legislative Attorney  
Phone: (608) 261-6927  
E-mail: Tina.Yacker@legis.state.wi.us

Mary Babula 4/26/99

Day Care Bill changes

TAY

✓ Extend Badger Care eligibility to day care workers ✓

(Spencer-Black bill) 49.665

MES

✓ ~~Substitute~~ <sup>Add</sup> ~~to~~ <sup>in addition to</sup> Haven tax credit draft ~~for~~ tax credits  
in this draft (LRB-2600/2)

TAY

✓ Earmark <sup>?</sup> that unspent child care funds be carried forward & spent on child care in next fiscal year

~~TA~~  
GMA

- \$3.5M for child care scholarships  
~~annually?~~ biennially

per mtg w/ Leslie & Kelsie Doty

just make 20.445(3)(cm) a continuing approp.

The Department's request would maintain the \$183,429,600 base funding level for direct and non-direct child care services. These revenues would fund the existing child care program along with the modifications outlined above, which are estimated to increase program costs by \$21,113,900 in the first year and \$28,063,900 in the second year. Any excess child care funding would be placed in the requested contingency reserve.

**9. FUNDING FOR NON-DIRECT CHILD CARE SERVICES**

Request a transfer of \$11,863,900 in 1999-00 and \$9,563,900 in 2000-01 from the allocation for direct child care subsidies to the allocation for non-direct child care programs. The first column in the following table represents base level funding for each program. The second and third columns show the total funding under DWD's request and the last two columns show the requested change in funding.

	Base	Total		Change	
		1999-00	2000-01	1999-00	2000-01
Office of Child Care	\$350,700	\$794,600	\$794,600	\$443,900	\$443,900
DHFS Licensing Staff	1,687,400	2,687,400	2,687,400	1,000,000	1,000,000
Resource & Referral Agencies	1,360,000	2,000,000	2,000,000	640,000	640,000
Start-Up & Expansion Grants	366,400	366,400	366,400	0	0
Quality Improvement Grants	1,707,900	1,707,900	1,707,900	0	0
Training & Technical Assistance	530,000	530,000	530,000	0	0
Safe Child Care	0	580,000	580,000	580,000	580,000
Local Resource & Referral Grants	0	3,400,000	3,400,000	3,400,000	3,400,000
Low-Income Subsidy	0	1,000,000	1,000,000	1,000,000	1,000,000
WHEDA Child Care Careers	0	3,200,000	0	3,200,000	0
Child Care Careers Education	0	1,000,000	2,500,000	1,000,000	2,500,000
Automated Provider File	0	600,000	0	600,000	0
<b>Total</b>	<b>\$6,002,400</b>	<b>\$17,866,300</b>	<b>\$15,566,300</b>	<b>\$11,863,900</b>	<b>\$9,563,900</b>

The request would increase funding for three of the six existing non-direct child care programs (\$2,083,900 annually) and create six new programs (\$9,780,000 in 1999-00 and \$7,480,000 in 2000-01). Because these monies would be transferred from the direct child care allocation, no additional funding would be needed.

**10. WORKFORCE ATTACHMENT AND ADVANCEMENT FUND**

FED	\$30,000,000
-----	--------------

Request \$10,000,000 in 1999-00 and \$20,000,000 in 2000-01 for workforce attachment and advancement grants to W-2 agencies and Private Industry Councils or Workforce Development Boards. Funding would be provided for post-employment programs and services that promote job retention, prevent recidivism, strengthen attachment to the workforce, increase participants' basic skills and literacy levels and broaden supportive services. Funding provided to W-2

## Yacker, Tina

---

**From:** Mary Babula [mbabula@wecanaeyc.org]  
**Sent:** Tuesday, May 18, 1999 8:19 AM  
**To:** Yacker, Tina  
**Subject:** Re: LRB-2939 (child care draft)

Tina:

I sent this response to Senator Risser's office, and they agree with what I have here, so you can go with it. Thank you! Call or e-mail if you have more questions.

Mary Babula

The \$3.5 million is federal money from the Child Care and Development Fund. The Governor's budget plans for \$1 million in year one and \$2.5 million in year two. We would like to follow the same plan. The money should carry over from year one to year two, if the full \$1 million is not spent in year one.

The funds will go to Department of Workforce Development--Office of Child Care, and then will be contracted to Wisconsin Early Childhood Association, which was awarded the T.E.A.C.H. Early Childhood License to operate the scholarship, training and wage supplement program, through a competitive bidding process. Do you need to refer to the specific agency, or just Department of Workforce Development--Office of Child Care?

- ✓ Scholarships would be made available to regulated family child care providers, teachers and administrators in licensed child care centers and Head Start centers who want to earn an associate degree, bachelor's degree, or an approved credential. The scholarships would be for people currently working in child care or Head Start, to allow them to earn a degree or approved credential.
- ✓ A contract would be established between the scholarship recipient, the center which employs her/him, and the agency operating the program, which would specify the number of credits, the time period of the contract, and the commitment required from the scholarship recipient and the child care program. The length of the commitment would depend on the number of credits taken.
- ✓ The scholarship would cover tuition, books, and paid release time. The exact number of credits and payment amount is yet to be determined, but would be up to 100% of tuition and books, and up to 3 hours per week of paid release time.
- ✓ Upon completion, the child care or Head Start center would be committed to providing a pay raise or bonus which would be negotiated in the contract. Family child care providers would receive a bonus from the state funds.
- ✓ The scholarship recipient would be asked to make a commitment to stay with the child care or Head Start program which employs them for 6 months to one year, depending on the number of credits taken in the contract and the size of the pay raise or bonus.
- ✓ The cost of the individual scholarship would vary, depending on the number of credits taken, and the cost per credit. Most scholarships would be for

\$3,000 or less. We anticipate issuing at least 300 scholarships in the first year, and at least 750 in the second year.

✓ The minimum amount for a scholarship would be \$500 and maximum would be \$5,000, with an annual adjustment based on inflation and the increase in cost of tuition at Wisconsin technical colleges and universities.

If this is not clear, please get back in touch with me. thank you!

Mary Babula

At 10:32 AM 5/17/99 -0500, you wrote:

>

>

>Mary:

>

>My questions relate to the \$3.5 million for scholarships "for the child care >work force." Who is supposed to distribute these scholarships? What is the >source of the scholarship money? For what purpose will the scholarships be >made available? Would the scholarships be for students earning a degree in >early childhood education? Would they be for persons who are already child >care workers, in which case, would the scholarship be for continuing >education of some sort? How much would individual scholarships be? You may >want to specify a maximum (and minimum). You may also want to specify >criteria for receiving a scholarship. Finally, I'm assuming that the \$3.5 >million should be split equally between fiscal years. If the full \$1.75 >million in the first year of the biennium is not fully spent, should it be >carried over to the next fiscal year?

>

>I'm sending a copy of this e-mail to Sen. Risser so that you can discuss >these policy items with him if you like.

>

>If you have any questions, please feel free to call me or email me at >Tina.Yacker@legis.state.wi.us

>

>

> -- Tina Yacker

>

>-----

>Tina Yacker, Legislative Attorney  
>Wisconsin Legislative Reference Bureau  
>P.O. Box 2037  
>Madison, WI 53701-2037  
>(608) 261-6927

>

>

>

Mary Babula

Program Director

Wisconsin Early Childhood Association



State of Wisconsin  
1999 - 2000 LEGISLATURE

(Loren)  
↖

LRB-2939  
GM/JK/TF/TY/MS:wj:hmh

2  
RMR

1999 BILL

WPO:  
Inserts are  
out of order.

D-N

a child care career education  
scholarship program;

1 **AN ACT** <sup>Regen</sup> *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.); **to amend** 49.136 (7) (a), 49.143 (2) (a)  
4 8., 49.148 (1m) (a), 49.155 (1d) (a), 49.155 (1m) (intro.), 49.155 (1m) (a) (intro.),  
5 49.155 (1m) (c) 1., 49.155 (1m) (c) 1g., 49.155 (1m) (c) 1h., 49.155 (3m) (a), 49.155  
6 (5), 71.05 (6) (a) 15., 71.08 (1) (intro.), 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45  
7 (2) (a) 10. and 77.92 (4); and **to create** 20.235 (1) (cw), 20.445 (3) (ct), 39.385,  
8 49.135, 49.137 (6) (a), 49.155 (1) (aL), 49.325 (4), 71.07 (6m), 71.07 (7g), 71.10  
9 (4) (cm), 71.10 (4) (gc), 71.28 (7), 71.30 (3) (ea), 71.47 (7) and 71.49 (1) (ea) of the  
10 statutes; **relating to:** a child care worker loan repayment assistance program;  
11 early childhood councils; requiring recipients of child care funding to have  
12 received training in child development and safety; training and network  
13 development for special needs child care providers; eligibility for child care  
14 funding; tax credit<sup>s</sup> for employers who provide child care; creating a

health care for low-income child care workers; creating

**BILL**

1 nonrefundable individual income tax credit for certain expenses related to child  
2 or dependent care; granting rule-making authority; and making  
3 appropriations.

---

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

This bill makes various changes relating to child care.

***Early childhood councils***

The bill requires the department of 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.

***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

**BILL**

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, 1997, 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.

INSERT ✓  
Anal A-1  
Amc 1 A-2

***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.

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



**BILL**

1 **20.445 Workforce development, department of**

2 (3) ECONOMIC SUPPORT

3 (ct) Local early childhood council

4 grants GPR C 100,000 100,000

5 **SECTION 2.** 20.235 (1) (cw) of the statutes is created to read:

6 20.235 (1) (cw) *Child care worker loan repayment assistance.* Biennially, the  
7 amounts in the schedule for the child care worker loan repayment assistance  
8 program under s. 39.385.

INSERT  
5-8

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

10 20.445 (3) (ct) *Local early childhood council grants.* As a continuing  
11 appropriation, the amounts in the schedule for grants for local early childhood  
12 councils under s. 49.135.

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

14 **39.385 Child care worker loan repayment assistance program. (1)**

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

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

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

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

**BILL**

1           (2) The board shall:

2           (a) Reimburse a child care worker for 10% of the outstanding principal amount  
3 of any student loans of the child care worker or \$1,000, whichever is less, for the  
4 12-month period of eligibility under sub. (1). As a condition of eligibility for loan  
5 repayment assistance under this paragraph, the child care worker shall submit to  
6 the board, on a form prescribed by the board, a statement certified by the lender of  
7 an applicable student loan, within 30 days previous to the filing of the submission,  
8 certifying that the loan repayment status of the borrower is not in default and the  
9 outstanding principal amount of the applicable student loan.

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

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

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

21           **SECTION 5.** 49.135 of the statutes is created to read:

22           **49.135 Local early childhood council grants.** (1) **PURPOSE.** From the  
23 appropriation under s. 20.445 (3) (ct), the department shall provide grants, awarded  
24 under sub. (2), to public agencies or private, nonprofit organizations for the  
25 establishment or operation, or both, of local early childhood councils.

**BILL**

1           (2) GRANT AWARDS; AMOUNTS. (a) Grants shall be awarded by a body consisting  
2 of 2 representatives of the department of health and family services, 2  
3 representatives of the department of workforce development and 2 representatives  
4 of the department of public instruction.

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

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

10           2. During the 2nd and subsequent years of the grant, in the amount of at least  
11 50% of the amount received for each year.

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

15           (3) GRANT AWARDS; CRITERIA. *In evaluating applications for grants, the body*  
16 *under sub. (2) (a) shall give priority to proposals that involve the planning and*  
17 *participation of multiple individuals and organizations, including child care*  
18 *providers, as defined in s. 49.001 (1), employers, parents, head start agencies*  
19 *designated under 42 USC 9836, child care resource and referral service grant*  
20 *recipients under s. 49.134, school districts, private schools, counties, cities, villages,*  
21 *towns, tribal governments, providers of early childhood education, early childhood*  
22 *family education center grant recipients under s. 48.982 (6), right from the start*  
23 *grant recipients under s. 48.982 (7), the Wisconsin works community steering*  
24 *committee under s. 49.143 (2) (a) and other individuals and organizations that have*

**BILL**

1 a demonstrated interest in or knowledge of child care, early childhood education or  
2 other services for young children and their families.

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

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

9 (b) Conduct an assessment of child care and early childhood education  
10 programs and other services for young children and their families that are available  
11 in the community and an assessment of the need for those programs and services in  
12 the community.

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

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

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

22 3. Promote and increase public awareness of the characteristics and  
23 importance of high-quality child care and early childhood education for young  
24 children.

**BILL**

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

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

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

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

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

12 (d) One elected county official.

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

14 1. A local employer.

15 2. The local school district.

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

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

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

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

23 **SECTION 6.** 49.136 (7) (a) of the statutes is amended to read:

24 49.136 (7) (a) The department shall establish guidelines for eligibility for a  
25 grant under this section. In establishing those guidelines, the department shall

**BILL**

1 provide that no person may be awarded a grant under this section unless that person  
 2 and all employes of that person who provide care and supervision for children have  
 3 received not less than 20 hours of training in child development and safety. The  
 4 department need not promulgate those guidelines as rules under ch. 227.

5 **SECTION 7.** 49.137 (6) of the statutes is renumbered 49.137 (6) (b).

6 **SECTION 8.** 49.137 (6) (a) of the statutes is created to read:

7 49.137 (6) (a) The department shall establish guidelines for eligibility for a  
 8 grant under this section. In establishing those guidelines, the department shall  
 9 provide that no person may be awarded a grant under sub. (2) or (3) unless that  
 10 person and all employes of that person who provide care and supervision for children  
 11 have received not less than 20 hours of training in child development and safety. The  
 12 department need not promulgate those guidelines as rules under ch. 227.

13 **SECTION 9.** 49.143 (2) (a) 8. of the statutes is amended to read:

14 49.143 (2) (a) 8. Work with participants, employers, child care providers, the  
 15 local early childhood council under s. 49.135 and the community to identify child care  
 16 needs, improve access to child care and expand availability of child care.

17 **SECTION 10.** 49.148 (1m) (a) of the statutes is amended to read:

18 49.148 (1m) (a) A custodial parent of a child who is ~~12 weeks old~~ one year old  
 19 or less and who meets the eligibility requirements under s. 49.145 (2) and (3) may  
 20 receive a monthly grant of ~~\$673~~ \$628 unless another adult member of the custodial  
 21 parent's Wisconsin works group is participating in, or is eligible to participate in, a  
 22 Wisconsin works employment position or is employed in unsubsidized employment,  
 23 as defined in s. 49.147 (1) (c). A Wisconsin works agency may not require a  
 24 participant under this subsection to participate in any employment positions.  
 25 Receipt of a grant under this subsection ~~does not constitute~~ constitutes participation

11  
Insert  
10-12

**BILL**

1 in a Wisconsin works employment position for ~~purposes~~ the purpose of calculating  
2 the time limits limit under s. 49.145 (2) (n) ~~or~~, but does not constitute participation  
3 in a Wisconsin works employment position for the purpose of calculating the time  
4 limits under s. 49.147 (3) (c), (4) (b) 2. or (c) 4. or (5) (b) 2. if the child is born to the  
5 participant not more than 10 months after the date that the participant was first  
6 determined to be eligible for assistance under s. 49.19 or for a Wisconsin works  
7 employment position.

8 **SECTION 11.** 49.155 (1) (aL) of the statutes is created to read:

9 49.155 (1) (aL) "Disabled" means physically or mentally incapable of caring for  
10 oneself.

11 **SECTION 12.** 49.155 (1d) (a) of the statutes is amended to read:

12 49.155 (1d) (a) The department shall promulgate rules establishing standards  
13 for the certification of child care providers under s. 48.651. In establishing the  
14 requirements for certification ~~as a Level II certified family day care provider,~~ the  
15 department ~~may not~~ shall include a requirement for training for that providers have  
16 at least 20 hours of training in child development and safety.

17 **SECTION 13.** 49.155 (1m) (intro.) of the statutes is amended to read:

18 49.155 (1m) ELIGIBILITY. (intro.) A Wisconsin works agency shall determine  
19 eligibility for a child care subsidy under this section. Under this section, an  
20 individual may receive a subsidy for child care for a child who has not attained the  
21 age of 13 or, if the child is disabled, who has not attained the age of 19, if the  
22 individual meets all of the following conditions:

23 **SECTION 14.** 49.155 (1m) (a) (intro.) of the statutes is amended to read:

24 49.155 (1m) (a) (intro.) The individual is a parent of a child who is under the  
25 age of 13, or, if the child is disabled, is under the age of 19; or is a person who, under

Insert  
11-16 →

**BILL**

1 s. 48.57 (3m) or (3n), is providing care and maintenance for a child who is under the  
2 age of 13, or, if the child is disabled, is under the age of 19; and child care services  
3 for that child are needed in order for the individual to do any of the following:

4 **SECTION 15.** 49.155 (1m) (a) 4. (intro.) of the statutes is renumbered 49.155  
5 (1m) (a) 4. and amended to read:

6 49.155 (1m) (a) 4. Participate in other employment skills training, including  
7 an English as a 2nd language course, if the Wisconsin works agency determines that  
8 the course would facilitate the individual's efforts to obtain employment; a course of  
9 study meeting the standards established by the secretary of education under s.  
10 115.29 (4) for the granting of a declaration of equivalency of high school graduation;  
11 a course of study at a technical college; or participation in educational courses that  
12 provide an employment skill, as determined by the department. An individual may  
13 receive aid under this subdivision for up to one year. ~~An individual may not receive~~  
14 ~~aid under this subdivision unless the individual meets at least one of the following~~  
15 ~~conditions:~~

16 **SECTION 16.** 49.155 (1m) (a) 4. a. of the statutes is repealed.

17 **SECTION 17.** 49.155 (1m) (a) 4. b. of the statutes is repealed.

18 **SECTION 18.** 49.155 (1m) (c) 1. of the statutes is amended to read:

19 49.155 (1m) (c) 1. The gross income of the individual's family is at or below  
20 ~~165% of the poverty line for a family the size of the individual's family or, for an~~  
21 ~~individual who is already receiving a child care subsidy under this section, the gross~~  
22 ~~income of the individual's family is at or below 200% of the poverty line for a family~~  
23 ~~the size of the individual's family~~ 85% of the state median income. In calculating the  
24 gross income of the family, the Wisconsin works agency shall include income

**BILL**

1 described under s. 49.145 (3) (b) 1. to 3. The department shall annually calculate the  
2 state median income.

3 **SECTION 19.** 49.155 (1m) (c) 1g. of the statutes is amended to read:

4 49.155 (1m) (c) 1g. The individual is a foster parent of the child and the child's  
5 biological or adoptive family meets the asset limit under s. 49.145 (3) (a) and has a  
6 gross income that is at or below ~~200% of the poverty line~~ 85% of the state median  
7 income. In calculating the gross income of the child's biological or adoptive family,  
8 the Wisconsin works agency shall include income described under s. 49.145 (3) (b) 1.  
9 to 3.

10 **SECTION 20.** 49.155 (1m) (c) 1h. of the statutes is amended to read:

11 49.155 (1m) (c) 1h. The individual is a relative of the child, is providing care  
12 for the child under a court order and is receiving payments under s. 48.57 (3m) on  
13 behalf of the child and the child's biological or adoptive family meets the asset limit  
14 under s. 49.145 (3) (a) and has a gross income that is at or below ~~200% of the poverty~~  
15 line 85% of the state median income. In calculating the gross income of the child's  
16 biological or adoptive family, the Wisconsin works agency shall include income  
17 described under s. 49.145 (3) (b) 1. to 3.

18 **SECTION 21.** 49.155 (1m) (c) 1m. of the statutes is repealed.

19 **SECTION 22.** 49.155 (1m) (c) 2. of the statutes is repealed.

20 **SECTION 23.** 49.155 (1m) (c) 3. of the statutes is repealed.

21 **SECTION 24.** 49.155 (3m) (a) of the statutes is amended to read:

22 49.155 (3m) (a) The department shall reimburse child care providers or shall  
23 distribute funds to county departments under s. 46.215, 46.22 or 46.23 for child care  
24 services provided under this section and to private nonprofit agencies that provide  
25 child care for children of migrant workers. The department may not reimburse a

**BILL**

**SECTION 24**

1 child care provider, and no funds distributed under this paragraph may be used to  
2 pay for child care services, unless the person to whom the payment is made and all  
3 employees of that person who provide care and supervision for children have received  
4 not less than 20 hours of training in child development and safety.

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

6 49.155 (5) LIABILITY FOR PAYMENT. An individual receiving aid under this section  
7 is liable for the a percentage of the cost of the child care that received, payable in  
8 accordance with a sliding scale formula developed by the department specified based  
9 on ability to pay. In developing the sliding scale formula, the department may not  
10 require any individual to pay more than 10% of the individual's family's income for  
11 the cost of the child care received.

12 **SECTION 26.** 49.325 (4) of the statutes is created to read:

13 49.325 (4) PLANS FOR COUNTY COMMUNITY AIDS BUDGETS. In developing its  
14 proposed budget for the expenditure of funds allocated under s. 49.175 (1) (o) and (p),  
15 a county department under s. 46.215, 46.22 or 46.23, in addition to using the open  
16 public participation process under sub. (3), shall consult with any local early  
17 childhood council established under s. 49.135 within the county.

Insert  
14-17

18 **SECTION 27.** 71.05 (6) (a) 15. of the statutes is amended to read:

(5d)

19 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),  
20 (2di), (2dj), (2dL), (2dr), (2ds), (2dx) and (3s) and (7g) and not passed through by a  
21 partnership, limited liability company or tax-option corporation that has added that  
22 amount to the partnership's, company's or tax-option corporation's income under s.  
23 71.21 (4) or 71.34 (1) (g).

Insert  
14-23

24 **SECTION 28.** 71.07 (6m) of the statutes is created to read:

**BILL**

1           71.07 (6m) CHILD AND DEPENDENT CARE EXPENSES CREDIT. (a) *Definitions*. In this  
2 subsection:

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

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

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

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

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

**BILL****SECTION 28**

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

3 **SECTION 29.** 71.07 (7g) of the statutes is created to read:

4 71.07 (7g) CHILD CARE CREDIT. (a) In this subsection:

5 1. "Qualified child care expenditures" means any amount that is not used in  
6 calculating the credit <sup>s</sup> under sub. <sup>s</sup> (2dd) <sup>and (5d)</sup> and that is paid to acquire, construct or  
7 rehabilitate property that is to be used as part of a qualified child care facility of the  
8 claimant, if the property may be depreciated or amortized under this subchapter and  
9 if the property is not part of the principal residence of the claimant or any employe  
10 of the claimant; any amount paid for the operating costs of a qualified child care  
11 facility of the claimant, including costs related to training employes, to scholarship  
12 programs and to providing increased compensation to employes who have higher  
13 levels of child care training; any amount paid under a contract with a child care  
14 facility to provide child care services to employes of the claimant; and any amount  
15 paid under a contract to provide child care resource and referral services to employes  
16 of the claimant.

17 2. "Qualified child care facility" means a facility that is used primarily to  
18 provide child care assistance, unless the facility is the operator's principal residence;  
19 that is licensed under s. 48.65 or 48.69; that is open to enrollment to the children of  
20 the employes of the claimant; that is not the claimant's principal trade or business,  
21 unless at least 30% of the enrollees of the facility are the children of the claimant's  
22 employes; and that does not discriminate in enrollment in favor of the children of the  
23 claimant's highly compensated employes, as defined in section 414 (q) of the Internal  
24 Revenue Code.

**BILL**

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

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

6 **SECTION 30.** 71.08 (1) (intro.) of the statutes is amended to read:

7 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married  
8 couple filing jointly, trust or estate under s. 71.02, not considering the credits under

9 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (6),  
10 (6m), (7g) and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and,

11 (3) <sup>(5d)</sup> and (7) and 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and, (3)  
12 and (7) and subchs. VIII and IX and payments to other states under s. 71.07 (7), is

13 <sup>(5d)</sup> less than the tax under this section, there is imposed on that natural person, married  
14 couple filing jointly, trust or estate, instead of the tax under s. 71.02, an alternative  
15 minimum tax computed as follows:

16 **SECTION 31.** 71.10 (4) (cm) of the statutes is created to read:

17 71.10 (4) (cm) The child and dependent expenses care credit under s. 71.07  
18 (6m).

19 **SECTION 32.** 71.10 (4) (gc) of the statutes is created to read:

20 71.10 (4) (gc) Child care credit under s. 71.07 (7g). <sup>(5d)</sup>

21 **SECTION 33.** 71.21 (4) of the statutes is amended to read:

22 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
23 (2dj), (2dL), (2ds), (2dx) and, (3s) and (7g) and passed through to partners or  
24 members shall be added to the partnership's or limited liability company's income.

25 **SECTION 34.** 71.26 (2) (a) of the statutes is amended to read:

Insert 17-20

**BILL**

**SECTION 34**

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

17           **SECTION 35.** 71.28 (7) of the statutes is created to read:  
 18           71.28 (7) CHILD CARE CREDIT. (a) In this subsection: *and (5d)*  
 19           1. “Qualified child care expenditures” means any amount that is not used in  
 20           calculating the credit<sup>s</sup> under sub.<sup>s</sup> (1dd) and that is paid to acquire, construct or  
 21           rehabilitate property that is to be used as part of a qualified child care facility of the  
 22           claimant, if the property may be depreciated or amortized under this subchapter and  
 23           if the property is not part of the principal residence of the claimant or any employe  
 24           of the claimant; any amount paid for the operating costs of a qualified child care  
 25           facility of the claimant, including costs related to training employes, to scholarship

*Insert 18-16 ↓*

**BILL**

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

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

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

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

19 **SECTION 36.** 71.30 (3) (ea) of the statutes is created to read:

20 71.30 (3) (ea) Child care credit under s. 71.28 (7).

21 **SECTION 37.** 71.34 (1) (g) of the statutes is amended to read:

22 71.34 (1) (g) An addition shall be made for credits computed by a tax-option  
23 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx) ~~and~~ (3) ~~and~~ (7)  
24 and passed through to shareholders.

25 **SECTION 38.** 71.45 (2) (a) 10. of the statutes is amended to read:

Insert 19-20

(5d)

**BILL**

(5d)

insert  
20-6

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

7           **SECTION 39.** 71.47 (7) of the statutes is created to read:

and (5d)

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

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

21          2. "Qualified child care facility" means a facility that is used primarily to  
22          provide child care assistance, unless the facility is the operator's principal residence;  
23          that is licensed under s. 48.65 or 48.69; that is open to enrollment to the children of  
24          the employes of the claimant; that is not the claimant's principal trade or business,  
25          unless at least 30% of the enrollees of the facility are the children of the claimant's

**BILL**

1 employees; and that does not discriminate in enrollment in favor of the children of the  
2 claimant's highly compensated employees, as defined in section 414 (q) of the Internal  
3 Revenue Code.

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

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

9 **SECTION 40.** 71.49 (1) (ea) of the statutes is created to read:

10 71.49 (1) (ea) Child care credit under s. 71.47 (7).

11 **SECTION 41.** 77.92 (4) of the statutes is amended to read:

12 77.92 (4) "Net business income", with respect to a partnership, means taxable  
13 income as calculated under section 703 of the ~~internal revenue code~~ Internal  
14 Revenue Code; plus the items of income and gain under section 702 of the ~~internal~~  
15 ~~revenue code~~ Internal Revenue Code; minus the items of loss and deduction under  
16 section 702 of the ~~internal revenue code~~ Internal Revenue Code; plus payments  
17 treated as not made to partners under section 707 (a) of the ~~internal revenue code~~  
18 Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de), (2di),  
19 (2dj), (2dL), (2dr), (2ds), (2dx) ~~and (3s)~~ <sup>(5d)</sup> ~~and (7g)~~; but excluding income, gain, loss and  
20 deductions from farming. "Net business income", with respect to a natural person,  
21 estate or trust, means profit from a trade or business for federal income tax purposes  
22 and includes net income derived as an employe as defined in section 3121 (d) (3) of  
23 the ~~internal revenue code~~ Internal Revenue Code.

24 **SECTION 42. Appropriation changes.**

Insert  
21-10

**BILL**

**SECTION 42**

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

**SECTION 43. Initial applicability.**

DAY CARE CENTER CREDIT (5)  
 (5d) and (5e) and (f)  
 (5d) and (5e) and (f)

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

16 (2) CHILD AND DEPARTMENT CARE EXPENSES CREDIT. The treatment of sections  
 17 71.07 (6m) and 71.10 (4) (cm) of the statutes first applies to taxable years beginning  
 18 on January 1 of the year in which this subsection takes effect, except that if this  
 19 subsection takes effect after July 31, the treatment of those sections first applies to  
 20 taxable years beginning on January 1 of the year following the year in which this  
 21 subsection takes effect.

(END)

Enset Anal A-1

Sub-  
sub

③② Child care career education scholarships

If 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 <sup>party</sup> party to the contract. The contract

Insert Anal-1

must include the amount of the scholarship, which, subject to the \$5,000 maximum <sup>scholarship</sup> 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 <sup>three</sup> ~~12~~ hours ~~of~~ 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 <sup>upon</sup> ~~at~~ 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 D&D to pay a bonus to the ~~recy~~ individual <sup>upon</sup> ~~at~~ 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

Insert Anal A-1

read start agency that employed him or her during the  
contract  
time period of the ~~scholarship~~ for not less than <sup>six</sup> ~~the~~ 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.

*(Handwritten signature)*

1999 BILL

INSERT  
ANAL A-2

1 **AN ACT to renumber and amend 49.665(1)(c); to amend 20.435(5)(bc), 20.435**  
 2 **(5)(jz), 20.435(5)(o), 20.435(5)(p), 49.665(3), 49.665(4)(b), 49.665(4)(c) and**  
 3 **49.665(5); and to create 49.665(1)(bq), 49.665(1)(c) 2. and 49.665(4)(am)**  
 4 **of the statutes; relating to: extending badger care to low-income child care**  
 5 **workers, granting rule-making authority and making an appropriation.**

(B)(E)

*Badger care for child care workers*  
 = **Analysis by the Legislative Reference Bureau**

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.

For further information see the **state and local fiscal estimate**, which will be printed as an appendix to this bill.

**The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:**

end of insert

Sub-sub

Family  
=

BILL

SECTION 1

1 SECTION ~~4~~<sup>#</sup> 20.435 (5) (bc)<sup>✓</sup> of the statutes is amended to read:

2 20.435 (5) (bc) *Health care for low-income families and eligible individuals.*

3 As a continuing appropriation, the amounts in the schedule A sum sufficient for the

4 badger care health care program for low-income families and eligible individuals

5 under s. 49.665.

6 SECTION ~~4~~<sup>#</sup> 20.435 (5) (jz)<sup>✓</sup> of the statutes is amended to read:

7 20.435 (5) (jz) *Badger care premiums.* All moneys received from payments

8 under s. 49.665 (5) to be used for the badger care health care program for low-income

9 families and eligible individuals under s. ~~49.466~~ 49.665.

10 SECTION ~~4~~<sup>#</sup> 20.435 (5) (o)<sup>✓</sup> of the statutes is amended to read:

11 20.435 (5) (o) *Federal aid; medical assistance.* All federal moneys received for

12 meeting costs of medical assistance administered under ~~ss. s.~~ s. 49.45 and, to the extent

13 permitted under federal law, s. 49.665.

14 SECTION ~~4~~<sup>#</sup> 20.435 (5) (p)<sup>✓</sup> of the statutes is amended to read:

15 20.435 (5) (p) *Federal aid; health care for low-income families.* All federal

16 moneys received for the badger care health care program ~~for low-income families~~

17 under s. 49.665, to be used for ~~that~~ the purpose of providing health care coverage to

18 low-income families that are eligible under s. 49.665 (4) (a) for the badger care health

19 care program.

20 SECTION 5. 49.665 (1) (bq) of the statutes is created to read:

21 49.665 (1) (bq) "Eligible individual" means an individual who is eligible under

22 sub. (4) (am) for health care coverage under this section.

23 SECTION 6. 49.665 (1) (c) of the statutes is renumbered 49.665 (1) (c) (intro.) and

24 amended to read:

NSERT  
5-8

P182

INSERT 5-8

P. 2072

Section #. 20.445 (3) (cm) of the statutes is amended to read:

As a continuing appropriation, the  
=

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

~~History: 1971 c. 125 ss. 156, 522 (1); 1971 c. 211, 215; 1971 c. 228 s. 44; 1971 c. 259; 1973 c. 90, 180, 243, 333; 1975 c. 39, 147, 224, 274, 344; 1975 c. 404 ss. 3, 10 (1); 1975 c. 405 ss. 3, 11 (1); 1977 c. 29, 48, 203, 418; 1979 c. 34 ss. 512 to 522, 2102 (25) (a); 1979 c. 189, 221, 309; 1979 c. 329 s. 25 (1); 1979 c. 350 ss. 3, 27 (6); 1979 c. 353, 355; 1981 c. 20, 36, 92, 93, 317, 325, 364; 1983 a. 8; 1983 a. 27 ss. 411 to 425; 1983 a. 98 ss. 1, 31; 1983 a. 192, 384, 388, 410; 1985 a. 17, 29, 153, 313, 332; 1987 a. 27; 1987 a. 38 ss. 2 to 4, 136; 1987 a. 399, 403; 1989 a. 31, 44, 64, 77, 254, 284, 359; 1991 a. 39 ss. 372c, 545r, 545t, 545v, 547, 548, 548g, 548m, 549, 549b, 549g, 549p; 1991 a. 85, 89, 269, 315; 1993 a. 16, 126, 243, 437, 491; 1995 a. 27 ss. 772mm, 772mn, 776p to 778b, 778L, 778n, 778q, 778v, 778z to 780m, 781m to 782p, 782u, 841, 842, 849, 850, 854, 855, 858c, 873 to 876, 878, 880, 890 to 896, 962 to 1014c, 9126 (19), 9130 (4); 1995 a. 113 s. 2t; 1995 a. 117, 201, 216, 225, 289; 1995 a. 404 ss. 4, 6 to 8, 10 to 17; 1997 a. 3; 1997 a. 27 ss. 610 to 642m, 722; 1997 a. 35, 38, 39, 105, 112, 191, 235, 236, 237, 252; s. 13.93 (2) (c).~~

end of insert  
5-8

Insert 10-12

~~(2) SCHOLARSHIP CONTRACTS~~

SEC# CR: 49.139

(B) 49.139 Child care career education. (1)

(C) CHILD

(D) CARE CAREER EDUCATION SCHOLARSHIPS.

From the

(d) ✓  
allocation under s. 49.155 (1g) (b), the department  
may award scholarships of not less than \$500 per year 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 a head start agency designated under 42

USC 9836 to provide in the direct provision of child care  
services or in the administration of child care services to

enable those individuals to earn association degrees, bachelor's

degrees or other credentials approved by the department in

the fields of child care or early childhood education.



Insert 10-12

(B)

¶ (2) (3) CHILD CARE CAREER EDUCATION SCHOLARSHIP

CONTRACTS.

The department shall require ~~an individual~~  
= recipient, if applicable,  
to whom a scholarship under sub. (1) is awarded and

the child care provider or head start agency employing  
the ~~individual~~ scholarship recipient to enter into a contract with the

department specifying the commitments required of each  
party to the contract. A contract under this subsection

shall specify all of the following terms and conditions:

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

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

Insert 10-12

¶ (c) A commitment by the scholarship recipient's employer  
to provide a pay raise or a bonus to the scholarship  
recipient on completion of the recipient's 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 the department  
to pay that individual a bonus <sup>upon</sup> completion of the  
individual's course of study and the amount of that bonus.

¶ (d) A commitment by the scholarship recipient not  
to resign from employment with the child care provider or  
head start agency that employed the recipient during the  
time of the contract for not less than 6 months nor more  
than one year after the end of the time period, <sup>that</sup> ~~the contract~~,  
as specified in the contract; or, if the scholarship  
recipient is an individual who is a child care provider,  
a commitment by the individual to remain a child care  
provider for not less than 6 months nor more than one year.

after the end of the time period in the contract,  
as specified in the contract.

③  
(3) (3) GRANT ADMINISTRATION. The department may

administer the scholarship program under this section or  
contract for the administration of that scholarship program.

(end of insert)

sent 11-16

SEC # CR, 49.155 (1g)(d) ✓

③ 49.155 (1g)(d) ✓ From the appropriation under s.

20.445 (3) (mc) ✓, distribute \$1,000,000 in fiscal year  
1999-2000 and \$2,500,000 in fiscal year 2000-01

for the purpose of providing child care career education  
scholarships under s. 49.139 (1) ✓ ~~Amounts not expended  
in fiscal year 1999-2000 may be carried forward~~

The department may carry forward moneys allocated under  
this paragraph that are not ~~not~~ encumbered by June  
~~30 in any fiscal~~

30 of any year for allocation under this paragraph ✓  
in the next fiscal year. ©

ced + insert)

**BILL**

**SECTION 1**

1 SECTION 1. 20.435 (5) (bc) of the statutes is amended to read:

2 20.435 (5) (bc) *Health care for low-income families and eligible individuals.*

3 ~~As a continuing appropriation, the amounts in the schedule A sum sufficient for the~~  
4 ~~badger care health care program for low-income families and eligible individuals~~  
5 ~~under s. 49.665.~~

6 SECTION 2. 20.435 (5) (jz) of the statutes is amended to read:

7 20.435 (5) (jz) *Badger care premiums.* All moneys received from payments  
8 under s. 49.665 (5) to be used for the badger care health care program for low-income  
9 families ~~and eligible individuals under s. 49.466~~ 49.665.

10 SECTION 3. 20.435 (5) (o) of the statutes is amended to read:

11 20.435 (5) (o) *Federal aid; medical assistance.* All federal moneys received for  
12 meeting costs of medical assistance administered under ~~ss. s. 49.45 and, to the extent~~  
13 ~~permitted under federal law, s. 49.665.~~

14 SECTION 4. 20.435 (5) (p) of the statutes is amended to read:

15 20.435 (5) (p) *Federal aid; health care for low-income families.* All federal  
16 moneys received for the badger care health care program for low-income families  
17 under s. 49.665, to be used for ~~that the purpose of providing health care coverage to~~  
18 ~~low-income families that are eligible under s. 49.665 (4) (a) for the badger care health~~  
19 ~~care program.~~

INSERT  
to insert  
5-8

end of insert 5-8

20 SECTION ~~#~~ 49.665 (1) (bq) of the statutes is created to read:

21 49.665 (1) (bq) "Eligible individual" means an individual who is eligible under  
22 sub. (4) (am) for health care coverage under this section.

23 SECTION ~~#~~ 49.665 (1) (c) of the statutes is renumbered 49.665 (1) (c) (intro.) and  
24 amended to read:

1/17



INSERT  
14-17  
cont

**BILL**

1           49.665 (1) (c) (intro.) "Employer-subsidized health care coverage" means one  
2 of the following:

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

7           ~~SECTION 49.665 (1) (c) 2.~~ <sup>✓</sup> 49.665 (1) (c) 2. of the statutes is created to read:

8           49.665 (1) (c) 2. With respect to an eligible individual, coverage under a group  
9 health insurance plan offered by the eligible individual's employer, or by the  
10 employer of a family member of the eligible individual, for which the eligible  
11 individual qualifies and for which the employer pays at least 80% of the cost,  
12 excluding any deductibles or copayments that may be required under the plan.

13           ~~SECTION 49.665 (3).~~ <sup>✓</sup> 49.665 (3) of the statutes is amended to read:

14           49.665 (3) ADMINISTRATION. The department shall administer a program to  
15 provide the health services and benefits described in s. 49.46 (2) to families that meet  
16 the eligibility requirements specified in sub. (4) and to eligible individuals. The  
17 department shall promulgate rules setting forth the application procedures and  
18 appeal and grievance procedures. The department may promulgate rules limiting  
19 access to the program under this section to defined enrollment periods. The  
20 department may also promulgate rules establishing a method by which the  
21 department may purchase family coverage offered by the employer of a member of  
22 an eligible family, or individual coverage offered by the employer of an eligible  
23 individual, under circumstances in which the department determines that  
24 purchasing that coverage would not be more costly than providing the coverage  
25 under this section.

INSERT  
14-17  
and

**BILL**

by a child  
care provider

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SECTION ~~9~~ 49.665 (4) (am) of the statutes is created to read:

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

1. The individual is employed as a ~~full-time~~ child care worker

for at least 30  
hours per week

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

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

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

SECTION ~~9~~ 49.665 (4) (b) of the statutes is amended to read:

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

SECTION ~~9~~ 49.665 (4) (c) of the statutes is amended to read:

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

↙

INSERT  
14-17 con.

**BILL**

1           **SECTION 12.** 49.665 (5) <sup>✓</sup> of the statutes is amended to read:

2           49.665 (5) LIABILITY FOR COST. (a) Except as provided in par. (b), a family that  
3           or eligible individual who receives health care coverage under this section shall pay  
4           a percentage of the cost of that coverage in accordance with a schedule established  
5           by the department by rule. If the schedule established by the department requires  
6           a family or eligible individual to contribute more than 3% of the family's or of the  
7           eligible individual's income towards the cost of the health care coverage provided  
8           under this section, the department shall submit the schedule to the joint committee  
9           on finance for review and approval of the schedule. If the cochairpersons of the joint  
10          committee on finance do not notify the department within 14 working days after the  
11          date of the department's submittal of the schedule that the committee has scheduled  
12          a meeting to review the schedule, the department may implement the schedule. If,  
13          within 14 days after the date of the department's submittal of the schedule, the  
14          cochairpersons of the committee notify the department that the committee has  
15          scheduled a meeting to review the schedule, the department may not require a family  
16          or eligible individual to contribute more than 3% of the family's or of the eligible  
17          individual's income unless the joint committee on finance approves the schedule.  
18          The joint committee on finance may not approve and the department may not  
19          implement a schedule that requires a family or eligible individual to contribute more  
20          than 3.5% of the family's or of the eligible individual's income towards the cost of the  
21          health care coverage provided under this section.

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



INSERT  
14-17  
cont.

**BILL**

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

4

(END)

of INSERT 14-17

1999 BILL

1 AN ACT to amend 71.05 (6) (a) 15., 71.08 (1) (intro.), 71.10 (4) (i), 71.21 (4), 71.26  
 2 (2) (a), 71.30 (3) (f), 71.34 (1) (g), 71.45 (2) (a) 10., 71.49 (1) (f) and 77.92 (4); and  
 3 to create 71.07 (5d), 71.28 (5d) and 71.47 (5d) of the statutes; relating to:  
 4 income and franchise tax credits for a business to construct, equip and operate  
 5 a day care center for the children of employees.

*Analysis by the Legislative Reference Bureau*

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 employe 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

Insert  
Analysis  
B

**BILL**

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.

*end of analysis B used*  
~~For further information see the state fiscal estimate, which will be printed as an appendix to this bill.~~

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1        **SECTION 1.** 71.05 (6) (a) 15. of the statutes is amended to read:

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

7        **SECTION 2.** 71.07 (5d) of the statutes is created to read:

8        71.07 (5d) DAY CARE CENTER CREDIT. (a) In this subsection, "claimant" means  
9        a person who files a claim under this subsection.

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

12        1. An amount equal to 50% of the amount paid or incurred by the claimant  
13        during the taxable year to construct and equip a licensed day care center under s.  
14        48.65, that is owned and operated by the claimant, to care for the children of the  
15        claimant's employees during the employees' working hours.

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

*Amount  
14-23*

**BILL**

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

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

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

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

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

23           (g) Partnerships, limited liability companies and tax-option corporations may  
24 not claim the credit under this subsection, but the eligibility for, and the amount of,  
25 the credit are based on the amount paid or incurred under par. (b). A partnership,

## BILL

## SECTION 2

1 limited liability company or tax-option corporation shall compute the amount of  
2 credit that each of its partners, members or shareholders may claim and shall  
3 provide that information to each of them. Partners, members of limited liability  
4 companies and shareholders of tax-option corporations may claim the credit in  
5 proportion to their ownership interest.

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

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

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

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

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

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

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

24 ~~SECTION 3. 71.08 (1) (intro.) of the statutes is amended to read~~

end of  
insert 14A7  
14-23

## BILL

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

10           SECTION 4. 71.10 (4) (i) of the statutes is amended to read:

11           71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland  
12 preservation credit under subch. IX, homestead credit under subch. VIII, farmland  
13 tax relief credit under s. 71.07 (3m), farmers' drought property tax credit under s.  
14 71.07 (2fd), day care center credit under s. 71.07 (5d), earned income tax credit under  
15 s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld under  
16 subch. X.

17           SECTION 5. 71.21 (4) of the statutes is amended to read:

18           71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
19 (2dj), (2dL), (2ds), (2dx) and (3s) and (5d) and passed through to partners shall be  
20 added to the partnership's income.

21           SECTION 6. 71.26 (2) (a) of the statutes is amended to read:

22           71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means  
23 the gross income as computed under the internal revenue code as modified under  
24 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit  
25 computed under s. 71.28 (1) and (3) to (5) plus the amount of the credit computed

Insert  
17-20

**BILL**

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

12 **SECTION 7.** 71.28 (5d) of the statutes is created to read:

13 71.28 (5d) DAY CARE CENTER CREDIT. (a) In this subsection, "claimant" means  
 14 a person who files a claim under this subsection.

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

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

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

23 3. An amount equal to 50% of the amount paid by the claimant during the  
 24 taxable year to a licensed day care center under s. 48.65, other than a day care center

*Insert  
18-16*

**BILL**

1 under subd. 1., to provide care for the children of the claimant's employes during the  
2 employes' working hours.

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

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

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

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

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

**BILL**

1 provide that information to each of them. Partners, members of limited liability  
2 companies and shareholders of tax-option corporations may claim the credit in  
3 proportion to their ownership interest.

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

6 (i) If the operation of a day care center under par. (b) 1. ceases within 5 years  
7 after the date on which the construction of the day care center is completed, a  
8 claimant who receives credits under par. (b) 1. and 2. for the construction and  
9 operation of such a day care center shall add to the claimant's liability for taxes  
10 imposed under s. 71.23 an amount equal to the total amount of the credits received  
11 under par. (b) 1. and 2. multiplied by the following percentage:

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

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

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

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

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

*end of insert 18-16*

22 **SECTION 8.** 71.30 (3) (f) of the statutes is amended to read:

23 71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28

24 (1fd), farmland preservation credit under subch. IX, farmland tax relief credit under

*insert 19-20*

**BILL**

1 s. 71.28 (2m), day care center credit under s. 71.28 (5d) and estimated tax payments  
2 under s. 71.29. *end of insert 19-20*

3 **SECTION 9.** 71.34 (1) (g) of the statutes is amended to read:

4 71.34 (1) (g) An addition shall be made for credits computed by a tax-option  
5 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx) ~~and (3) and (5d)~~  
6 and passed through to shareholders.

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

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

14 **SECTION 11.** 71.47 (5d) <sup>✓</sup> of the statutes is created to read:

15 71.47 (5d) DAY CARE CENTER CREDIT. (a) In this subsection, "claimant" means  
16 a person who files a claim under this subsection.

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

19 1. An amount equal to 50% of the amount paid or incurred by the claimant  
20 during the taxable year to construct and equip a licensed day care center under s.  
21 48.65, that is owned and operated by the claimant, to care for the children of the  
22 claimant's employes during the employes' working hours.

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

*Insert  
20-6*

**BILL**

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

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

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

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

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

23           (g) Partnerships, limited liability companies and tax-option corporations may  
24 not claim the credit under this subsection, but the eligibility for, and the amount of,  
25 the credit are based on the amount paid or incurred under par. (b). A partnership,

**BILL**

1 limited liability company or tax-option corporation shall compute the amount of  
2 credit that each of its partners, members or shareholders may claim and shall  
3 provide that information to each of them. Partners, members of limited liability  
4 companies and shareholders of tax-option corporations may claim the credit in  
5 proportion to their ownership interest.

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

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

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

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

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

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

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

24 *end of insert 20-6*  
**SECTION 12. 71.49 (1) (f) of the statutes is amended to read:** →

*insert 21-10*



**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-2939/2dn  
GM/JK/TF/TY/MS:wlj:hmh

Senator Risser:

Please review carefully the tax credits created in the bill related to the construction and operation of an employer's day care center. Because the same expenses may be claimed for a credit under different sections of the bill, the bill provides that no expense that is claimed for a credit under <sup>proposed</sup> sections 71.07 (5d), 71.28 (5d) and 71.47 (5d) of the statutes may be claimed for a credit under sections 71.07 (7g), 71.28 (7) and 71.47 (7) of the statutes. Is this consistent with your intent?

Joseph T. Kreye  
Legislative Attorney  
Phone: (608) 266-2263  
E-mail: Joseph.Kreye@legis.state.wi.us

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-2939/2dn

JK:wlj:mrc

May 27, 1999

**Senator Risser:**

Please review carefully the tax credits created in the bill related to the construction and operation of an employer's day care center. Because the same expenses may be claimed for a credit under different sections of the bill, the bill provides that no expense that is claimed for a credit under proposed sections 71.07 (5d), 71.28 (5d) and 71.47 (5d) of the statutes may be claimed for a credit under sections 71.07 (7g), 71.28 (7) and 71.47 (7) of the statutes. Is this consistent with your intent?

Joseph T. Kreye  
Legislative Attorney  
Phone: (608) 266-2263  
E-mail: Joseph.Kreye@legis.state.wi.us

**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: 5/28/99

To: Senator Risser

Relating to LRB drafting number: LRB-2939

**Topic**

Child care, funding, eligibility, copayments, quality and availability

**Subject(s)**

Children - day care, Tax Credits - miscellaneous, Public Assistance - Wis works, Higher Education - miscellaneous

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

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 Risser 6-9-99

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.

Gordon M. Malaise, Senior Legislative Attorney  
Telephone: (608) 266-9738



# 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

LRB  
2

August 23, 1999

### MEMORANDUM

**To:** Senator Risser

**From:** Joseph T. Kreye, Legislative Attorney, (608) 266-2263

**Subject:** Technical Memorandum to **1999 SB 199** (LRB 99-2939/2)

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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

August 17, 1999

**TO:** Joseph Kreye  
Legislative Reference Bureau

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

**SUBJECT:** Technical Memorandum on SB 199 (LRB 2939/2): Income and Franchise Tax Credits For Day Care Expenses of Individuals and Businesses

The Department has the following questions and comments regarding the bill.

1. The \$1.5 million cap on total credits in secs. 71.07 (5d)(c), 71.28 (5d)(c) and 71.47 (5d)(c) may be interpreted as providing a total of \$4.5 million in credit authority—\$1.5 million each for claimants filing individual income tax returns (sole proprietorships and partnerships), for corporations and for insurance companies. We suggest language be revised to indicate the limit for all claimants is \$1.5 million. Also, this limit is for each fiscal year, which we presume to mean the state's fiscal year.
2. Procedures for applying the caps on the credits, both the \$50,000 per claimant per taxable year and the \$1.5 million per fiscal year, would be useful. One example of a potential issue is multiple claims by a single taxpayer within a fiscal year. For example, if a calendar year taxpayer applied for a credit for one taxable year in December and for a credit for the subsequent taxable year in the following June, both applications would occur in a single fiscal year. Another issue is allocation of credits when total credits claimed exceed the amount of credit authority: would the credits be allocated on a first-come, first-served basis?
3. The credit for constructing or equipping a day care center in secs. 71.07 (5d)(b)1, 71.28 (5d)(b)1 and 71.47 (5d)(b)1 is for amount incurred or paid in a taxable year. Since an expense can be incurred in one year and paid in another, there is the potential for credit claims on the same expense in two different taxable years. In addition, since construction and equipping may occur in more than one year, it may be helpful to indicate whether the credit is allowed in the first year or in multiple years. Also, the Department's administration of the credit would benefit from a definition of the term "equip" in these sections, indicating whether it includes expenses of an ongoing nature.
4. The credit for operation of a day care center in secs. 71.07 (5d)(b)2, 71.28 (5d)(b)2 and 71.47 (5d)(b)2 appears to be available only for day care centers eligible for the credit for the costs of constructing and equipping day care centers specified in subdivision 1 of these

three paragraphs. This may make the credit for operation of a day care center not available either to day care centers constructed prior to enactment of these provisions or to day care centers that do not receive the credit for constructing or equipping a center because of the cap limiting the total amount of credit.

5. It is unclear in secs. 71.07 (5d)(b)2, 71.28 (5d)(b)2 and 71.47 (5d)(b)2 if the bill requires amounts paid by employees to be subtracted before or after the 50% credit rate is applied. For example, if the employer paid \$20,000 to operate a day care center and employees paid reimbursements of \$10,000 subtracted after the 50% limitation, the amount of credit would be \$0  $[(.5 \times \$20,000) - \$10,000]$ . However, if the employee reimbursement is subtracted before the 50% limitation, the credit would be \$5,000  $[(\$20,000 - \$10,000) \times .5]$ .
6. In secs. 71.07 (5d)(b)3, 71.28 (5d)(b)3 and 71.47(5d)(b)3, the credit for amounts paid to licensed day care centers does not have a similar reduction for amounts paid by employees. This would permit an employer to claim a credit for amounts paid for day care of employees' children when the employees reimbursed the employer through payroll deductions or some other means.
7. Secs. 71.07 (5d)(d), 71.28 (5d)(d) and 71.47 (5d)(d) require a claimant to file an application with the Department before the end of the taxable year in which amounts are paid or incurred. For partnerships, tax-option corporations and limited liability companies (LLC), each partner, shareholder and member would be required to apply. Application by the partnership, tax-option corporation or LLC would be easier.
8. In provisions for recapture of the credit in secs. 71.07 (5d)(h), 71.28 (5d)(h) and 71.47 (5d)(h), if a center ceases operation, it may be useful to distinguish between temporary and permanent closings. For example, if a day care center stops operating for a month and then reopens, these provisions may require recapture of the credit. Also, the recapture language provides an exception when a majority of a claimant's employees do not want to enroll their children in the day care center. The sponsor may wish to specify that majority means a majority of employees with children in an age group eligible to enroll in the center.
9. Qualified child care expenditures are defined in secs. 71.07 (7g)(a)1, 71.28 (7)(a)1 and 71.47 (7)(a)1. These definitions should also limit the expenditures to amounts paid during the taxable year.
10. The bill states in sec. 71.08 (1)(intro.) that the child and dependent care credit is not considered in computing the alternative minimum tax. However, the credit appears before the alternative minimum tax in 71.10 (4)(cm). Based on this location, the credit will be considered when computing the alternative minimum tax, as with the other nonrefundable credits. The sponsor may wish to delete the reference from sec. 71.08 (1)(intro).
11. The bill provides for proration of the credit for nonresidents and part-year residents in sec. 71.07 (6m)(c)2, but not for full-year residents married to part-year residents or nonresidents. The sponsor may wish to amend the language to cover these other situations. Also, the proration in these sections is based on "wages, salary, tips, unearned income and net earnings from a trade or business." To maintain consistency with other nonrefundable

credits, the sponsor may wish to prorate this credit on the basis of Wisconsin adjusted gross income to federal adjusted gross income.

12. Secs. 71.07 (7g)(a)1, 71.28 (7)(a)1 and 71.47 (7)(a)1 limit qualified child care expenditures for the child care credit to amounts not already used in the calculation of either the day care center credit under this bill or the development zone day care center credit. It is unclear how the day care center credits based on \$50 per month per child in secs. 71.07 (5d)(b)2, 71.28 (5d)(b)2 and 71.47 (5d)(b)2 interact with this limitation. If the employer can claim both the \$50 per month per child credit and the 5% child care credit, then the child care credit should refer only to (5d)(b)1 and 3 in the appropriate sections.
13. It would be helpful to define the term "employee." It is unclear if the sponsor intended part-time or contract employees to be covered in the credit.
14. 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>FY 1999-00</u>	<u>Chapter 20</u>	<u>Amount</u>	<u>FTE Positions</u>
one-time	s. 20.566 (1)(a)	\$107,200	0.3 FTE
annual	s. 20.566 (1)(a)	\$ 11,200	
<u>FY 2000-01</u>			
one-time	s. 20.566 (1)(a)	\$ 18,800	1.3 FTE
annual	s. 20.566 (1)(a)	\$ 63,200	

If you have questions regarding this technical memorandum, please contact Pamela Walgren at 266-7817. Contact Pat Lashore at 266-3347 for questions concerning administrative costs.

YEB:PW:ds  
t:\fsn99-00\pw\sb199.tec