

**SENATE SUBSTITUTE AMENDMENT 1,  
TO 1999 SENATE BILL 199**

February 3, 2000 – Offered by COMMITTEE ON HUMAN SERVICES AND AGING.

1     **AN ACT** *to renumber* 49.137 (6); *to amend* 49.136 (7) (a), 49.155 (1d) (a), 49.155  
2         (3m) (a), 49.175 (1) (q), 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a), 71.34 (1) (g),  
3         71.45 (2) (a) 10. and 77.92 (4); and *to create* 20.235 (1) (cw), 39.385, 49.137 (6)  
4         (a), 49.1375 (3), 49.139, 49.155 (1g) (e), 71.07 (5d), 71.07 (6n), 71.07 (7g), 71.10  
5         (4) (cn), 71.10 (4) (cp), 71.10 (4) (gc), 71.28 (5d), 71.28 (7), 71.30 (3) (dm), 71.30  
6         (3) (ea), 71.47 (5d), 71.47 (7), 71.49 (1) (dm) and 71.49 (1) (ea) of the statutes;  
7         **relating to:** a child care worker loan repayment assistance program; a child  
8         care career education scholarship program; requiring recipients of child care  
9         funding to have received training in child development and safety; creating tax  
10         credits for employers who provide child care; creating a nonrefundable  
11         individual income tax credit for certain expenses related to child or dependent  
12         care; granting rule-making authority; and making appropriations.

***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:

	<b>1999-2000</b>		<b>2000-01</b>
<b>20.235 Higher educational aids board</b>			
(1) STUDENT SUPPORT ACTIVITIES			
(cw) Child care worker loan repay-			
ment assistance	GPR	B	50,000      50,000

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

9           20.235 **(1)** (cw) *Child care worker loan repayment assistance.* Biennially, the  
10           amounts in the schedule for the child care worker loan repayment assistance  
11           program under s. 39.385.

12           **SECTION 3.** 39.385 of the statutes is created to read:

13           **39.385 Child care worker loan repayment assistance program. (1)**

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

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

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

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

24           **(2)** The board shall:

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

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

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

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

20           **SECTION 4.** 49.136 (7) (a) of the statutes is amended to read:

21           49.136 (7) (a) The department shall establish guidelines for eligibility for a  
22 grant under this section. In establishing those guidelines, the department shall  
23 provide that no person may be awarded a grant under this section unless that person  
24 and all employes of that person who provide care and supervision for children have

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

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

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

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

11 **SECTION 7.** 49.1375 (3) of the statutes is created to read:

12 49.1375 **(3)** No person may be awarded a grant under sub. (1) or (2) unless that  
13 person and all employes of that person who provide care and supervision for children  
14 have received not less than 20 hours of training in child care and development.

15 **SECTION 8.** 49.139 of the statutes is created to read:

16 **49.139 Child care career education. (1)** CHILD CARE CAREER EDUCATION  
17 SCHOLARSHIPS. From the allocation under s. 49.155 (1g) (e), the department may  
18 award scholarships of not less than \$500 per year nor more than \$5,000 per year to  
19 individuals who are child care providers and to individuals who are employed by a  
20 child care provider or by a head start agency designated under 42 USC 9836 in the  
21 direct provision of child care services or in the administration of child care services  
22 to enable those individuals to earn associate degrees, bachelor's degrees or other  
23 credentials approved by the department in the fields of child care or early childhood  
24 education.

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

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

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

13           (c) A commitment by the scholarship recipient's employer to provide a pay raise  
14 or a bonus to the scholarship recipient on completion of the scholarship recipient's  
15 course of study and the amount of that pay raise or bonus; or, if the scholarship  
16 recipient is an individual who is a child care provider, a commitment by the  
17 department to pay that individual a bonus upon completion of the individual's course  
18 of study and the amount of that bonus.

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

1 than one year after the end of the time period in the contract, as specified in the  
2 contract.

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

6 **SECTION 9.** 49.155 (1d) (a) of the statutes is amended to read:

7 49.155 **(1d)** (a) The department shall promulgate rules establishing standards  
8 for the certification of child care providers under s. 48.651. In establishing the  
9 requirements for certification ~~as a Level II certified family day care provider,~~ the  
10 department ~~may not~~ shall include a requirement ~~for training for~~ that providers have  
11 at least 20 hours of training in child development and safety.

12 **SECTION 10.** 49.155 (1g) (e) of the statutes is created to read:

13 49.155 **(1g)** (e) From the appropriation under s. 20.445 (3) (mc), distribute  
14 \$1,000,000 in fiscal year 1999–2000 and \$2,500,000 in fiscal year 2000–01 for the  
15 purpose of providing child care career education scholarships under s. 49.139 (1).  
16 The department may carry forward moneys allocated under this paragraph that are  
17 not encumbered by June 30 of any year for allocation under this paragraph in the  
18 next fiscal year.

19 **SECTION 11.** 49.155 (3m) (a) of the statutes is amended to read:

20 49.155 **(3m)** (a) The department shall reimburse child care providers or shall  
21 distribute funds to county departments under s. 46.215, 46.22 or 46.23 for child care  
22 services provided under this section and to private nonprofit agencies that provide  
23 child care for children of migrant workers. The department may not reimburse a  
24 child care provider, and no funds distributed under this paragraph may be used to  
25 pay for child care services, unless the person to whom the payment is made and all

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

3 **SECTION 12.** 49.175 (1) (q) of the statutes, as created by 1999 Wisconsin Act 9,  
4 is amended to read:

5 49.175 (1) (q) *Indirect child care services.* For indirect child care services under  
6 s. 49.155 (1g), ~~\$11,812,300~~ \$12,812,300 in fiscal year 1999–2000 and ~~\$11,267,600~~  
7 \$13,867,600 in fiscal year 2000–01.

8 **SECTION 13.** 71.05 (6) (a) 15. of the statutes is amended to read:

9 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),  
10 (2di), (2dj), (2dL), (2dr), (2ds), (2dx) ~~and~~, (3s), (5d) and (7g) and not passed through  
11 by a partnership, limited liability company or tax–option corporation that has added  
12 that amount to the partnership’s, company’s or tax–option corporation’s income  
13 under s. 71.21 (4) or 71.34 (1) (g).

14 **SECTION 14.** 71.07 (5d) of the statutes is created to read:

15 71.07 (5d) DAY CARE CENTER CREDIT. (a) In this subsection:

- 16 1. “Claimant” means a person who files a claim under this subsection.  
17 2. “Equipment” means equipment that is depreciable property for income tax  
18 or franchise tax purposes.

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

- 21 1. An amount equal to 50% of the amount paid by the claimant during the  
22 taxable year to construct, and purchase equipment for the use at, a licensed day care  
23 center under s. 48.65, that is owned and operated by the claimant to care for the  
24 children of the claimant’s employees during the employees’ working hours.

1           2. An amount that is equal to the amount paid by the claimant to operate the  
2 claimant's day care center, as described under subd. 1., for the taxable year; minus  
3 any amount paid by an employe of the claimant to reimburse the claimant for any  
4 amount paid by the claimant under this subdivision; multiplied by 50%. A claimant  
5 may claim and be allocated a credit under this subdivision regardless of whether the  
6 claimant has claimed or been allocated a credit under subd. 1.

7           3. An amount that is equal to the amount paid by the claimant during the  
8 taxable year to a licensed day care center under s. 48.65, other than a day care center  
9 as described under subd. 1., to provide care for the children of the claimant's  
10 employes during the employes' working hours; minus any amount paid by an  
11 employe of the claimant to reimburse the claimant for any amount paid by the  
12 claimant under this subdivision; multiplied by 50%.

13           (c) Except as provided in par. (dm), the amount of the credit under this  
14 subsection shall not exceed \$50,000 in a taxable year for each claimant and the total  
15 amount of the credit for all claimants under this subsection and ss. 71.28 (5d) and  
16 71.47 (5d) shall not exceed \$1,500,000 in a state fiscal year.

17           (d) 1. No credit may be allowed under this subsection unless the claimant files  
18 annually an application with the department of revenue on or before March 1 and  
19 includes with that application a statement from the department of health and family  
20 services that verifies that the day care center under par. (b) is licensed under s. 48.65.  
21 A claimant may apply for and be allocated a credit under this subsection before the  
22 claimant pays expenses under par. (b), except that, if the claimant does not pay the  
23 expenses in the taxable year related to the credit, the claimant shall not receive the  
24 credit and the department of revenue may allocate the amount of the credit to  
25 another claimant.



1           2. After March 1, the department shall allocate randomly the credits under this  
2 subsection and ss. 71.28 (5d) and 71.47 (5d). After the department has allocated the  
3 credits, the department shall compile a waiting list of claimants who were not  
4 allocated credits and shall allocate randomly any unused credits to the claimants on  
5 the waiting list. No credit may be allowed under this subsection after the  
6 department has awarded the total amount of the credit for all claimants under par.  
7 (c).

8           (dm) Claimants who jointly construct, equip or operate a licensed day care  
9 center may jointly claim the credit as provided under this subsection, if the claimants  
10 file a joint application under par. (d) 1. Claimants who file a joint application and  
11 who are allocated a credit under par. (b) may apportion the amount of the credit  
12 among the joint claimants in any manner that the joint claimants choose, except that  
13 the total amount of the credit for the joint claimants shall not exceed \$50,000 in a  
14 taxable year.

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 paid and the year in which the  
22 carry-forward credit is claimed.

23           (g) A partnership, limited liability company or tax-option corporation may  
24 claim the credit under this subsection as an entity.

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

3 (i) Except as provided under par. (j), if the operation of a day care center under  
4 par. (b) 1. ceases within 5 years after the date on which the construction of the day  
5 care center is completed, a claimant who receives credits under par. (b) 1. and 2. for  
6 the construction and operation of such a day care center shall add to the claimant's  
7 liability for taxes imposed under s. 71.02 an amount equal to the total amount of the  
8 credits received under par. (b) 1. and 2. multiplied by the following percentage:

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

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

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

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

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

19 (j) Paragraph (i) does not apply to a claimant whose business ceases operation  
20 within 5 years after the date on which the construction of the claimant's day care  
21 center is completed; or whose day care center ceases operation for not more than 30  
22 consecutive days in a taxable year; or who presents evidence to the department of  
23 revenue that the majority of the claimant's employees with children who are eligible  
24 to enroll in the claimant's day center do not want to enroll their children in the  
25 claimant's day care center.

1           **SECTION 15.** 71.07 (6n) of the statutes is created to read:

2           **71.07 (6n) 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

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

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

5 **SECTION 16.** 71.07 (7g) of the statutes is created to read:

6 71.07 (7g) CHILD CARE CREDIT. (a) In this subsection:

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

19 2. “Qualified child care facility” means a facility that is used primarily to  
20 provide child care assistance, unless the facility is the operator’s principal residence;  
21 that is licensed under s. 48.65 or 48.69; that is open to enrollment to the children of  
22 the employes of the claimant; that is not the claimant’s principal trade or business,  
23 unless at least 30% of the enrollees of the facility are the children of the claimant’s  
24 employes; and that does not discriminate in enrollment in favor of the children of the

1 claimant's highly compensated employes, as defined in section 414 (q) of the Internal  
2 Revenue Code.

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

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

8 **SECTION 17.** 71.10 (4) (cn) of the statutes is created to read:

9 71.10 (4) (cn) The child and dependent expenses care credit under s. 71.07 (6n).

10 **SECTION 18.** 71.10 (4) (cp) of the statutes is created to read:

11 71.10 (4) (cp) The day care center credit under s. 71.07 (5d).

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

13 71.10 (4) (gc) The child care credit under s. 71.07 (7g).

14 **SECTION 20.** 71.21 (4) of the statutes is amended to read:

15 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di),  
16 (2dj), (2dL), (2ds), (2dx) ~~and~~, (3s), ~~(5d) and (7g)~~ and passed through to partners or  
17 members shall be added to the partnership's or limited liability company's income.

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

19 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means  
20 the gross income as computed under the ~~internal revenue code~~ Internal Revenue  
21 Code as modified under sub. (3) minus the amount of recapture under s. 71.28 (1di)  
22 plus the amount of credit computed under s. 71.28 (1) and (3) to (5) plus the amount  
23 of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds) ~~and~~, (1dx),  
24 (5d) and (7) and not passed through by a partnership, limited liability company or  
25 tax-option corporation that has added that amount to the partnership's, limited

1 liability company's or tax-option corporation's income under s. 71.21 (4) or 71.34 (1)  
2 (g) plus the amount of losses from the sale or other disposition of assets the gain from  
3 which would be wholly exempt income, as defined in sub. (3) (L), if the assets were  
4 sold or otherwise disposed of at a gain and minus deductions, as computed under the  
5 ~~internal revenue code~~ Internal Revenue Code as modified under sub. (3), plus or  
6 minus, as appropriate, an amount equal to the difference between the federal basis  
7 and Wisconsin basis of any asset sold, exchanged, abandoned or otherwise disposed  
8 of in a taxable transaction during the taxable year, except as provided in par. (b) and  
9 s. 71.45 (2) and (5).

10 **SECTION 22.** 71.28 (5d) of the statutes is created to read:

11 **71.28 (5d) DAY CARE CENTER CREDIT.** (a) In this subsection:

12 1. "Claimant" means a person who files a claim under this subsection.

13 2. "Equipment" means equipment that is depreciable property for income tax  
14 or franchise tax purposes.

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 by the claimant during the  
18 taxable year to construct, and purchase equipment for the use at, a licensed day care  
19 center under s. 48.65, that is owned and operated by the claimant to care for the  
20 children of the claimant's employees during the employees' working hours.

21 2. An amount that is equal to the amount paid by the claimant to operate the  
22 claimant's day care center, as described under subd. 1., for the taxable year; minus  
23 any amount paid by an employe of the claimant to reimburse the claimant for any  
24 amount paid by the claimant under this subdivision; multiplied by 50%. A claimant

1 may claim and be allocated a credit under this subdivision regardless of whether the  
2 claimant has claimed or been allocated a credit under subd. 1.

3 3. An amount that is equal to the amount paid by the claimant during the  
4 taxable year to a licensed day care center under s. 48.65, other than a day care center  
5 as described under subd. 1., to provide care for the children of the claimant's  
6 employes during the employes' working hours; minus any amount paid by an  
7 employe of the claimant to reimburse the claimant for any amount paid by the  
8 claimant under this subdivision; multiplied by 50%.

9 (c) Except as provided in par. (dm), the amount of the credit under this  
10 subsection shall not exceed \$50,000 in a taxable year for each claimant and the total  
11 amount of the credit for all claimants under this subsection and ss. 71.07 (5d) and  
12 71.47 (5d) shall not exceed \$1,500,000 in a state fiscal year.

13 (d) 1. No credit may be allowed under this subsection unless the claimant files  
14 annually an application with the department of revenue on or before March 1 and  
15 includes with that application a statement from the department of health and family  
16 services that verifies that the day care center under par. (b) is licensed under s. 48.65.  
17 A claimant may apply for and be allocated a credit under this subsection before the  
18 claimant pays expenses under par. (b), except that, if the claimant does not pay the  
19 expenses in the taxable year related to the credit, the claimant shall not receive the  
20 credit and the department of revenue may allocate the amount of the credit to  
21 another claimant.

22 2. After March 1, the department shall allocate randomly the credits under this  
23 subsection and ss. 71.07 (5d) and 71.47 (5d). After the department has allocated the  
24 credits, the department shall compile a waiting list of claimants who were not  
25 allocated credits and shall allocate randomly any unused credits to the claimants on

1 the waiting list. No credit may be allowed under this subsection after the  
2 department has awarded the total amount of the credit for all claimants under par.  
3 (c).

4 (dm) Claimants who jointly construct, equip or operate a licensed day care  
5 center may jointly claim the credit as provided under this subsection, if the claimants  
6 file a joint application under par. (d) 1. Claimants who file a joint application and  
7 who are allocated a credit under par. (b) may apportion the amount of the credit  
8 among the joint claimants in any manner that the joint claimants choose, except that  
9 the total amount of the credit for the joint claimants shall not exceed \$50,000 in a  
10 taxable year.

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

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

19 (g) A partnership, limited liability company or tax-option corporation may  
20 claim the credit under this subsection as an entity.

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

23 (i) Except as provided under par. (j), if the operation of a day care center under  
24 par. (b) 1. ceases within 5 years after the date on which the construction of the day  
25 care center is completed, a claimant who receives credits under par. (b) 1. and 2. for



1 the construction and operation of such a day care center shall add to the claimant's  
2 liability for taxes imposed under s. 71.23 an amount equal to the total amount of the  
3 credits received under par. (b) 1. and 2. multiplied by the following percentage:

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

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

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

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

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

14 (j) Paragraph (i) does not apply to a claimant whose business ceases operation  
15 within 5 years after the date on which the construction of the claimant's day care  
16 center is completed; or whose day care center ceases operation for not more than 30  
17 consecutive days in a taxable year; or who presents evidence to the department of  
18 revenue that the majority of the claimant's employes with children who are eligible  
19 to enroll in the claimant's day center do not want to enroll their children in the  
20 claimant's day care center.

21 **SECTION 23.** 71.28 (7) of the statutes is created to read:

22 **71.28 (7) CHILD CARE CREDIT.** (a) In this subsection:

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

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

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

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

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

23 **SECTION 24.** 71.30 (3) (dm) of the statutes is created to read:

24 71.30 (3) (dm) The day care center credit under s. 71.28 (5d).

25 **SECTION 25.** 71.30 (3) (ea) of the statutes is created to read:

1           71.30 **(3)** (ea) The child care credit under s. 71.28 (7).

2           **SECTION 26.** 71.34 (1) (g) of the statutes is amended to read:

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

6           **SECTION 27.** 71.45 (2) (a) 10. of the statutes is amended to read:

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

13           **SECTION 28.** 71.47 (5d) of the statutes is created to read:

14           71.47 **(5d)** DAY CARE CENTER CREDIT. (a) In this subsection:

15           1. “Claimant” means a person who files a claim under this subsection.

16           2. “Equipment” means equipment that is depreciable property for income tax  
17 or franchise tax purposes.

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

20           1. An amount equal to 50% of the amount paid by the claimant during the  
21 taxable year to construct, and purchase equipment for the use at, a licensed day care  
22 center under s. 48.65, that is owned and operated by the claimant to care for the  
23 children of the claimant’s employes during the employes’ working hours.

24           2. An amount that is equal to the amount paid by the claimant to operate the  
25 claimant’s day care center, as described under subd. 1., for the taxable year; minus

1 any amount paid by an employe of the claimant to reimburse the claimant for any  
2 amount paid by the claimant under this subdivision; multiplied by 50%. A claimant  
3 may claim and be allocated a credit under this subdivision regardless of whether the  
4 claimant has claimed or been allocated a credit under subd. 1.

5 3. An amount that is equal to the amount paid by the claimant during the  
6 taxable year to a licensed day care center under s. 48.65, other than a day care center  
7 as described under subd. 1., to provide care for the children of the claimant's  
8 employes during the employes' working hours; minus any amount paid by an  
9 employe of the claimant to reimburse the claimant for any amount paid by the  
10 claimant under this subdivision; multiplied by 50%.

11 (c) Except as provided in par. (dm), the amount of the credit under this  
12 subsection shall not exceed \$50,000 in a taxable year for each claimant and the total  
13 amount of the credit for all claimants under this subsection and ss. 71.07 (5d) and  
14 71.28 (5d) shall not exceed \$1,500,000 in a state fiscal year.

15 (d) 1. No credit may be allowed under this subsection unless the claimant files  
16 annually an application with the department of revenue on or before March 1 and  
17 includes with that application a statement from the department of health and family  
18 services that verifies that the day care center under par. (b) is licensed under s. 48.65.  
19 A claimant may apply for and be allocated a credit under this subsection before the  
20 claimant pays expenses under par. (b), except that, if the claimant does not pay the  
21 expenses in the taxable year related to the credit, the claimant shall not receive the  
22 credit and the department of revenue may allocate the amount of the credit to  
23 another claimant.

24 2. After March 1, the department shall allocate randomly the credits under this  
25 subsection and ss. 71.07 (5d) and 71.28 (5d). After the department has allocated the

1 credits, the department shall compile a waiting list of claimants who were not  
2 allocated credits and shall allocate randomly any unused credits to the claimants on  
3 the waiting list. No credit may be allowed under this subsection after the  
4 department has awarded the total amount of the credit for all claimants under par.  
5 (c).

6 (dm) Claimants who jointly construct, equip or operate a licensed day care  
7 center may jointly claim the credit as provided under this subsection, if the claimants  
8 file a joint application under par. (d) 1. Claimants who file a joint application and  
9 who are allocated a credit under par. (b) may apportion the amount of the credit  
10 among the joint claimants in any manner that the joint claimants choose, except that  
11 the total amount of the credit for the joint claimants shall not exceed \$50,000 in a  
12 taxable year.

13 (e) Section 71.28 (4) (e), as it applies to the credit under s. 71.28 (4), applies to  
14 the 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 paid and the year in which the  
20 carry-forward credit is claimed.

21 (g) A partnership, limited liability company or tax-option corporation may  
22 claim the credit under this subsection as an entity.

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

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

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

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

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

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

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

17 (j) Paragraph (i) does not apply to a claimant whose business ceases operation  
18 within 5 years after the date on which the construction of the claimant's day care  
19 center is completed; or whose day care center ceases operation for not more than 30  
20 consecutive days in a taxable year; or who presents evidence to the department of  
21 revenue that the majority of the claimant's employes with children who are eligible  
22 to enroll in the claimant's day center do not want to enroll their children in the  
23 claimant's day care center.

24 **SECTION 29.** 71.47 (7) of the statutes is created to read:

25 71.47 (7) CHILD CARE CREDIT. (a) In this subsection:

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

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

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

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

1           **SECTION 30.** 71.49 (1) (dm) of the statutes is created to read:

2           71.49 (1) (dm) The day care center credit under s. 71.47 (5d).

3           **SECTION 31.** 71.49 (1) (ea) of the statutes is created to read:

4           71.49 (1) (ea) The child care credit under s. 71.47 (7).

5           **SECTION 32.** 77.92 (4) of the statutes, as affected by 1999 Wisconsin Act 9, is  
6 amended to read:

7           77.92 (4) “Net business income”, with respect to a partnership, means taxable  
8 income as calculated under section 703 of the Internal Revenue Code; plus the items  
9 of income and gain under section 702 of the Internal Revenue Code, including taxable  
10 state and municipal bond interest and excluding nontaxable interest income or  
11 dividend income from federal government obligations; minus the items of loss and  
12 deduction under section 702 of the Internal Revenue Code, except items that are not  
13 deductible under s. 71.21; plus guaranteed payments to partners under section 707  
14 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),  
15 (2di), (2dj), (2dL), (2dr), (2ds), (2dx) and, (3s), (5d) and (7g); and plus or minus, as  
16 appropriate, transitional adjustments, depreciation differences and basis  
17 differences under s. 71.05 (13), (15), (16), (17) and (19); but excluding income, gain,  
18 loss and deductions from farming. “Net business income”, with respect to a natural  
19 person, estate or trust, means profit from a trade or business for federal income tax  
20 purposes and includes net income derived as an employe as defined in section 3121  
21 (d) (3) of the Internal Revenue Code.

22           **SECTION 33. Appropriation changes.**

23           (1) CHILD CARE WORKER LOAN PROGRAM. In the schedule under section 20.005 (3)  
24 of the statutes for the appropriation to the higher educational aids board under  
25 section 20.235 (2) (aa) of the statutes, as affected by the acts of 1999, the dollar



1 amount is increased by \$8,400 for fiscal year 1999–00 and the dollar amount is  
2 increased by \$8,400 for fiscal year 2000–01 to increase the authorized FTE positions  
3 for the department by 0.5 position for the purpose of administering the child care  
4 worker loan repayment assistance program.

5 (2) CHILD CARE CAREER EDUCATION SCHOLARSHIPS. In the schedule under section  
6 20.005 (3) of the statutes for the appropriation to the department of workforce  
7 development under section 20.445 (3) (mc) of the statutes, as affected by the acts of  
8 1999, the dollar amount is increased by \$1,000,000 for fiscal year 1999–00 and the  
9 dollar amount is increased by \$2,500,000 for fiscal year 2000–01 to increase funding  
10 for the purpose of providing child care career education scholarships.

11 **SECTION 34. Initial applicability.**

12 (1) CHILD CARE CREDIT; DAY CARE CENTER CREDIT. The treatment of sections 71.05  
13 (6) (a) 15., 71.07 (5d) and (7g), 71.10 (4) (gc), 71.21 (4), 71.26 (2) (a), 71.28 (5d) and  
14 (7), 71.30 (3) (ea), 71.34 (1) (g), 71.45 (2) (a) 10., 71.47 (5d) and (7) and 71.49 (1) (ea)  
15 of the statutes first applies to taxable years beginning on January 1 of the year in  
16 which this subsection takes effect, except that if this subsection takes effect after  
17 July 31, the treatment of those sections first applies to taxable years beginning on  
18 January 1 of the year after the year in which this subsection takes effect.

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

25 (END)