

1999 DRAFTING REQUEST

Senate Substitute Amendment (SSA-SB199)

Received: 01/21/2000

Received By: malaigm

Wanted: As time permits

Identical to LRB:

For: Judy Robson (608) 266-2253

By/Representing: Laura Rose, L. Council

This file may be shown to any legislator: NO

Drafter: malaigm

May Contact:

Alt. Drafters: fastn
jkreye

Subject: Children - day care
Higher Education - miscellaneous
Tax Credits - miscellaneous

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Child care quality and availability

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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FE Sent For:

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Requested
By
Senate
President
Risser

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FE Sent For:

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Malaise, Gordon

From: Rose, Laura
Sent: Friday, January 21, 2000 9:28 AM
To: Malaise, Gordon
Subject: Substitute Amendment to SB 199

Hi Gordon,

To follow up on my voice mail to you, please draft a substitute amendment for Senator Robson to SB 199 with the following provisions:

- G-MM ✓ 1. Child development and safety training
- TF 2. Child care worker loan repayment assistance
- G-MM ✓ 3. Child care career education scholarships
- JK PMS ✓ 4. Tax credits (please incorporate changes made by ASA 1 to AB 393 to the provision relating to 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)
- MS

Please give me a call if you have any questions. I'm not sure when Senator Robson is planning executive action on this, but it will be sometime within the next two weeks.

Thanks,

Laura Rose

Laura Rose
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Wisconsin Legislative Council Staff
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PO Box 2536
Madison, WI 53701-2536
(608) 266-9791; fax (608) 266-3830
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1999

Date (time) needed

DR *SO* *1/24/00* *WED AM*
WED AM LRB *0259 / 1*
MS GMM, *16+TE* : *CJS* :
inserts

**SUBSTITUTE AMENDMENT
[TO A BILL]**

Use the appropriate components and routines developed for substitute amendments.

S *N* **SUBSTITUTE AMENDMENT**
TO 1999 *SB* *AB* *199* (*LRB* *1*)

AN ACT... (*generate catalog*) *to repeal* ... ; *to renumber* ... ; *to consolidate and renumber* ... ; *to renumber and amend* ... ; *to consolidate, renumber and amend* ... ; *to amend* ... ; *to repeal and recreate* ... ; and *to create* ... of the statutes; relating to:

[NOTE: See section 4.02 (2) (br), Drafting Manual, for specific order of standard phrases.]

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

SECTION #.

1999 SENATE BILL 199

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

Regenerate

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

SENATE BILL 199

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

Analysis by the Legislative Reference Bureau

This bill makes various changes relating to child care.

Early childhood councils

The bill requires the department of workforce development (DWD) to provide grants to public agencies or nonprofit organizations for the establishment of local early childhood councils. Membership on a local early childhood council is open to all persons and organizations in the community with a demonstrated interest in or knowledge of child care, early childhood education or other services for young children and their families. A local early childhood council must include parents, child care providers, an elected county official and one or more representatives of a local employer, the local school district, the county department of human services or social services (county department), the local health department and a local child care resource and referral agency. A local early childhood council must do all of the following:

1. Conduct an assessment of child care and early childhood education programs and other services for young children and their families that are available in the community and an assessment of the need for those programs and services in the community.
2. Develop a plan to increase the supply and accessibility of high-quality child care and early childhood education programs in the community; foster coordination and communication between appropriate individuals and organizations in the community to maximize the accessibility and quality of, and to minimize duplication in, the programs and services that are available in the community for young children and their families; and promote and increase public awareness of the characteristics and importance of high-quality child care and early childhood education for young children.
3. Advise the county department on the development of the county's proposed budget for the expenditure of child care funding.

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

Under current law, DWD must reimburse child care providers or must distribute funds to county departments for child care services provided for persons who are eligible for child care assistance under the Wisconsin works (W-2) program. Under current law, DWD also administers various child care grant programs including a child care start-up and expansion grant program and a child care quality improvement grant program. This bill requires a person and all employees of that person who provide care and supervision for children to have received not less than 20 hours of training in child care and development before that person may receive funding for providing child care under the W-2 program or a child care start-up and expansion grant or a child care quality improvement grant.

Child care worker loan repayment assistance

This bill creates a child care worker loan repayment assistance program to be administered by the higher educational aids board (HEAB). Under the program, a child care worker is initially reimbursed by HEAB for ten percent of the outstanding principal amount of educational loans of the child care worker or \$1,000, whichever is less, if all of the following apply:

1. The child care worker has been continuously employed full time in this state as a child care worker for not less than 12 months.
2. The child care worker graduated on or after May 1, 1999, with a degree in an area relating to early childhood education.
3. The child care worker is currently repaying any educational loan and is not in default on repayment.

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

Child care career education scholarships

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

SENATE BILL 199

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

Badger care for child care workers

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

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

Wisconsin works child care

Under current law, to be eligible for child care assistance under the Wisconsin works (W-2) program, an individual must have an income of no more than 165% of the federal poverty level. Also, under current law, a parent who receives at-risk or low-income child care funding must make copayments for the cost of child care received, in accordance with a formula specified by DWD.

Finally, an individual may receive child care funding to participate in certain employment skills training, including an English as a second language course, if the W-2 agency determines that the course would facilitate the individual's efforts to obtain employment; a course of study meeting the standards established by the secretary of education for the granting of a declaration of equivalency of high school graduation; a course of study at a technical college; or participation in educational courses that provide an employment skill, as determined by DWD. An individual may receive funding for that purpose for up to one year and only if the individual meets at least one of the following conditions:

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

This bill expands eligibility for child care assistance under W-2 to individuals who are participating in employment skills training regardless of whether they are currently employed. The bill also raises the financial eligibility threshold from 165% of the federal poverty level to 85% of the state median income. Additionally, the bill directs DWD to develop a sliding scale formula for child care copayments based on an individual's ability. Under the bill, DWD may not require any parent to pay more than ten percent of his or her family income for the cost of child care received.

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

Other Wisconsin works

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

Tax credits

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

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

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

Finally, the bill creates an income tax and franchise tax credit for five percent of child care costs, up to a maximum annual credit of \$15,000. The expenses that may be counted in calculating the credit are those of acquiring, constructing and rehabilitating child care facilities; operating costs of day care facilities; and amounts paid under a contract for child care services for the claimant's employees.

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

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

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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:

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

			1999-2000	2000-01
20.235	Higher educational aids board			
(1)	STUDENT SUPPORT ACTIVITIES			
(cw)	Child care worker loan repayment assistance	GPR B	50,000	50,000

~~**20.445** Workforce development, department of~~

(3)	ECONOMIC SUPPORT			
(ct)	Local early childhood council grants	GPR C	100,000	100,000

SECTION 2. 20.235 (1) (cw) of the statutes is created to read:
20.235 (1) (cw) *Child care worker loan repayment assistance.* Biennially, the amounts in the schedule for the child care worker loan repayment assistance program under s. 39.385.

~~**SECTION 3.** 20.435 (5) (bc) of the statutes is amended to read:
20.435 (5) (bc) *Health care for low-income families and eligible individuals.*
As a continuing appropriation, the amounts in the schedule A sum sufficient for the badger care health care program for low-income families and eligible individuals under s. 49.665.~~

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

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

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

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

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

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

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

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

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

SENATE BILL 199**SECTION 8**

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

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

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

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

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

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

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

16 **(2) The board shall:**

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

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

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

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

12 ~~Section 10. 49.135 of the statutes is created to read:~~

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

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

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

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

SENATE BILL 199**SECTION 10**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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1 (d) One elected county official.

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

3 1. A local employer

4 2. The local school district.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SENATE BILL 199

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

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

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

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

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

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

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

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SECTION 19

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SENATE BILL 199

SECTION 27

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

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

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

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

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

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

Insert
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16 ~~SECTION 32. 49.155 (5) of the statutes is amended to read:~~

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

23 SECTION 33. 49.325 (4) of the statutes is created to read:

24 49.325 (4) PLANS FOR COUNTY COMMUNITY AIDS BUDGETS. In developing its
25 proposed budget for the expenditure of funds allocated under s. 49.175 (1) (o) and (p),

SENATE BILL 199

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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1 ~~individual's income unless the joint committee on finance approves the schedule.~~

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

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

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

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

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

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

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

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

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

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SENATE BILL 199

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5
6

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

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

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

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

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

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

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

N ← lower case "n", plain
N ← lower case "n", bold

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

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

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

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

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

22 2. “Qualified child care facility” means a facility that is used primarily to
23 provide child care assistance, unless the facility is the operator’s principal residence;
24 that is licensed under s. 48.65 or 48.69; that is open to enrollment to the children of
25 the employes of the claimant; that is not the claimant’s principal trade or business,

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

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

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

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

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

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

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

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

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

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

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SECTION 49

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SENATE BILL 199

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

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

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

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

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

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

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

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

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

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SECTION 53

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

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

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

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

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

17 71.30 (3) (ea) ^{The} child care credit under s. 71.28 (7).
_{lower case "c"}

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

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

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

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SENATE BILL 199

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

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

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

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

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

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

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

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

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

SENATE BILL 199**SECTION 58**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 71.49 (1) (ea) ^{the} child care credit under s. 71.47 (7).
 25 ^{lower case "c"}

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

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SENATE BILL 199

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

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

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

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18 **SECTION 63. Appropriation changes.**

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

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1 SECTION 64. Initial applicability.

2 (1) CHILD CARE CREDIT; DAY CARE CENTER CREDIT. The treatment of sections 71.05
 3 (6) (a) 15., 71.07 (5d) and (7g), ~~71.10 (4) (gc)~~ 71.10 (4) (gc) 71.21 (4), 71.26
 4 (2) (a), 71.28 (5d) and (7), 71.30 (3) (ea) ~~71.34 (1) (g)~~ 71.34 (1) (g), 71.45 (2) (a) 10., 71.47
 5 (5d) and (7) 71.49 (1) (ea) ~~of the statutes first applies to taxable~~
 6 ^{with no comma} and years beginning on January 1 of the year in which this subsection takes effect, except
 7 that if this subsection takes effect after July 31, the treatment of those sections first
 8 applies to taxable years beginning on January 1 of the year after the year in which
 9 this subsection takes effect.

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

(END)

11

~~49.1375
CR 3~~

Insert B-2

SEC# CR; 49.1375 (3)

49.1375^(B) (3) No person may be awarded a grant

under sub. (1) or (2) unless that person and all employees

of that person who provide care and supervision for children

have received not less than 20 hours of training in

child care and development.

(end of insert)

Insert 18-15

WPO: ~~Section 1778g~~
this item comes from act 9, section 1778g

SEC# AM; 49.175 (1)(g) was created by 1999

Wisconsin Act 9

\$13,867,600

\$12,813,300

49.175 (1)

(g) *Indirect child care services.* For indirect child care services under s. 49.155 (1g), \$11,812,300 in fiscal year 1999-2000 and ~~\$11,367,600~~ in fiscal year 2000-01.

(r) ~~Early childhood excellence initiative.~~ For grants under s. 49.1375, \$7,500,000 in each fiscal year.

(edit out)

Read

**ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 1999 ASSEMBLY BILL 393**

January 4, 2000 - Offered by Representative HOVEN.

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

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

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

7 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
8 (2di), (2dj), (2dL), (2dr), (2ds), (2dx) and, (3s) and (5d) 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, company's or tax-option corporation's income under s.
11 71.21 (4) or 71.34 (1) (g).

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

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1 71.07 (5d) DAY CARE CENTER CREDIT. (a) In this subsection:

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

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

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

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

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

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

23 (c) Except as provided in par. (dm), the amount of the credit under this
24 subsection shall not exceed \$50,000 in a taxable year for each claimant and the total

1 amount of the credit for all claimants under this subsection and ss. 71.28 (5d) and
2 71.47 (5d) shall not exceed \$1,500,000 in a state fiscal year.

3 (d) 1. No credit may be allowed under this subsection unless the claimant files
4 annually an application with the department of revenue on or before March 1 and
5 includes with that application a statement from the department of health and family
6 services that verifies that the day care center under par. (b) is licensed under s. 48.65.
7 A claimant may apply for and be allocated a credit under this subsection before the
8 claimant pays expenses under par. (b), except that, if the claimant does not pay the
9 expenses in the taxable year related to the credit, the claimant shall not receive the
10 credit and the department of revenue may allocate the amount of the credit to
11 another claimant.

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

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

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

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

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

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

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

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

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

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

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

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

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

END OF BARNEY

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

13 71.10 (4) (cp) The day care center credit under s. 71.07 (5d).

14 **SECTION 4.** 71.26 (2) (a) of the statutes is amended to read:

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

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~~1 modified under sub. (3), plus or minus, as appropriate, an amount equal to the
2 difference between the federal basis and Wisconsin basis of any asset sold,
3 exchanged, abandoned or otherwise disposed of in a taxable transaction during the
4 taxable year, except as provided in par. (b) and s. 71.45 (2) and (5).~~

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

6 71.28 (5d) DAY CARE CENTER CREDIT. (a) In this subsection:

- 7 1. "Claimant" means a person who files a claim under this subsection.
8 2. "Equipment" means equipment that is depreciable property for income tax
9 or franchise tax purposes.

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

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

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

22 3. An amount that is equal to the amount paid by the claimant during the
23 taxable year to a licensed day care center under s. 48.65, other than a day care center
24 as described under subd. 1., to provide care for the children of the claimant's
25 employees during the employees' working hours; minus any amount paid by an

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1 employe of the claimant to reimburse the claimant for any amount paid by the
2 claimant under this subdivision; multiplied by 50%.

3 (c) Except as provided in par. (dm), the amount of the credit under this
4 subsection shall not exceed \$50,000 in a taxable year for each claimant and the total
5 amount of the credit for all claimants under this subsection and ss. 71.07 (5d) and
6 71.47 (5d) shall not exceed \$1,500,000 in a state fiscal year.

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

16 2. After March 1, the department shall allocate randomly the credits under this
17 subsection and ss. 71.07 (5d) and 71.47 (5d). After the department has allocated the
18 credits, the department shall compile a waiting list of claimants who were not
19 allocated credits and shall allocate randomly any unused credits to the claimants on
20 the waiting list. No credit may be allowed under this subsection after the
21 department has awarded the total amount of the credit for all claimants under par.

22 (c).

23 (dm) Claimants who jointly construct, equip or operate a licensed day care
24 center may jointly claim the credit as provided under this subsection, if the claimants
25 file a joint application under par. (d) 1. Claimants who file a joint application and

1 who are allocated a credit under par. (b) may apportion the amount of the credit
2 among the joint claimants in any manner that the joint claimants choose, except that
3 the total amount of the credit for the joint claimants shall not exceed \$50,000 in a
4 taxable year.

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

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

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

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

17 (i) Except as provided under par. (j), if the operation of a day care center under
18 par. (b) 1. ceases within 5 years after the date on which the construction of the day
19 care center is completed, a claimant who receives credits under par. (b) 1. and 2. for
20 the construction and operation of such a day care center shall add to the claimant's
21 liability for taxes imposed under s. 71.23 an amount equal to the total amount of the
22 credits received under par. (b) 1. and 2. multiplied by the following percentage:

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

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

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

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

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

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

END OF FRED

PEBBLES

16 **SECTION 6.** 71.30 (3) (dm) of the statutes is created to read:

17 71.30 (3) (dm) The day care center credit under s. 71.28 (5d).

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

19 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
20 computed under s. 71.47 (1dd) to (1dx) and (5d) 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, limited liability company's or tax-option corporation's
23 income under s. 71.21 (4) or 71.34 (1) (g) and the amount of credit computed under
24 s. 71.47 (1), (3), (4) and (5).

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25 **SECTION 8.** 71.47 (5d) of the statutes is created to read:



1 71.47 (5d) DAY CARE CENTER CREDIT. (a) In this subsection:

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

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

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

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

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

17 3. An amount that is equal to the amount paid by the claimant during the
18 taxable year to a licensed day care center under s. 48.65, other than a day care center
19 as described under subd. 1., to provide care for the children of the claimant’s
20 employes during the employes’ working hours; minus any amount paid by an
21 employe of the claimant to reimburse the claimant for any amount paid by the
22 claimant under this subdivision; multiplied by 50%.

23 (c) Except as provided in par. (dm), the amount of the credit under this
24 subsection shall not exceed \$50,000 in a taxable year for each claimant and the total

1 amount of the credit for all claimants under this subsection and ss. 71.07 (5d) and
2 71.28 (5d) shall not exceed \$1,500,000 in a state fiscal year.

3 (d) 1. No credit may be allowed under this subsection unless the claimant files
4 annually an application with the department of revenue on or before March 1 and
5 includes with that application a statement from the department of health and family
6 services that verifies that the day care center under par. (b) is licensed under s. 48.65.
7 A claimant may apply for and be allocated a credit under this subsection before the
8 claimant pays expenses under par. (b), except that, if the claimant does not pay the
9 expenses in the taxable year related to the credit, the claimant shall not receive the
10 credit and the department of revenue may allocate the amount of the credit to
11 another claimant.

12 2. After March 1, the department shall allocate randomly the credits under this
13 subsection and ss. 71.07 (5d) and 71.28 (5d). After the department has allocated the
14 credits, the department shall compile a waiting list of claimants who were not
15 allocated credits and shall allocate randomly any unused credits to the claimants on
16 the waiting list. No credit may be allowed under this subsection after the
17 department has awarded the total amount of the credit for all claimants under par.
18 (c).

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

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

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

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

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

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

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

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

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

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

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

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

END OF WILMA

12 SECTION 9. 71.49 (1) (dm) of the statutes is created to read:

13 71.49 (1) (dm) The day care center credit under s. 71.47 (5d).

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14 SECTION 10. 77.92 (4) of the statutes, as affected by 1999 Wisconsin Act 9, is
15 amended to read:

16 77.92 (4) "Net business income", with respect to a partnership, means taxable
17 income as calculated under section 703 of the Internal Revenue Code; plus the items
18 of income and gain under section 702 of the Internal Revenue Code, including taxable
19 state and municipal bond interest and excluding nontaxable interest income or
20 dividend income from federal government obligations; minus the items of loss and
21 deduction under section 702 of the Internal Revenue Code, except items that are not
22 deductible under s. 71.21; plus guaranteed payments to partners under section 707
23 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
24 (2di), (2dj), (2dL), (2dr), (2ds), (2dx) and, (3s) ~~and~~, (5d) ^{and (7g)}; and plus or minus, as
25 appropriate, transitional adjustments, depreciation differences and basis

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1 differences under s. 71.05 (13), (15), (16), (17) and (19); but excluding income, gain,
2 loss and deductions from farming. "Net business income", with respect to a natural
3 person, estate or trust, means profit from a trade or business for federal income tax
4 purposes and includes net income derived as an employe as defined in section 3121
5 (d) (3) of the Internal Revenue Code.

END OF GAM-BAM

6 ~~SECTION II. Initial applicability.~~

7 (1) DAY CARE CENTER CREDIT. This act first applies to taxable years beginning
8 on January 1, 2000.

9 ~~(END)~~

D-Note

Under the substitute amendment, the child care career
education scholarship program is funded by federal temporary
assistance to needy families (TANF) dollars. The fiscal
estimate for 1999 SB 1999, ^{prepared by DWD} ~~however~~ indicates that federal
funding under TANF is sum certain and that, as
such, the funding needed for the scholarship program would
have to come from GPR or from reallocating other
TANF expenditures. You might want to talk to Bob
Nikolay at DWD (6-9475), who prepared the
fiscal estimate, about how TANF spending might be
reallocated to fund the scholarship program or, ~~or~~
~~if~~ if that does not seem feasible, appropriating new
GPR to fund the scholarship program.

GMM

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBs0259/1dn
GMM:cjs:jf

January 26, 2000

Under the substitute amendment, the child care career education scholarship program is funded by federal temporary assistance to needy families (TANF) dollars. The fiscal estimate prepared by DWD for 1999 SB199, however, indicates that federal funding under TANF is sum certain and that, as such, the funding needed for the scholarship program would have to come from GPR or from reallocating other TANF expenditures. You might want to talk to Bob Nikolay at DWD (6-9475), who prepared the fiscal estimate, about how TANF spending might be reallocated to fund the scholarship program or, if that does not seem feasible, appropriating new GPR to fund the scholarship program.

Gordon M. Malaise
Senior Legislative Attorney
Phone: (608) 266-9738
E-mail: Gordon.Malaise@legis.state.wi.us



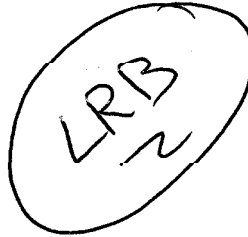
State of Wisconsin

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



March 2, 2000

MEMORANDUM

To: Senator Risser

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

Subject: Technical Memorandum to **1999 SSA 1 to SB 199** (LRB 99s0259/1)

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

MEMORANDUM

February 28, 2000

TO: Joseph Kreye
Legislative Reference Bureau

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

SUBJECT: Technical Memorandum on SSA 1 to SB 199, Relating to an Income and Franchise Tax Credit for Child Day Care

The bill requires the Department of Revenue to randomly allocate credits to claimants who apply by March 1 of a given year; unused credits are then randomly allocated to claimants on a waiting list. The waiting list concept is probably unworkable since it will not be known if those claimants who were allocated credits in a tax year will use them until sometime later when returns are filed. Anyone on the waiting list who then received the credits would be required to file amended returns to claim the credit. Further, if the credit is a factor in the decision to construct or operate a day care center, then those on the waiting list may not have expended the funds for day care. A better alternative would be to add unused amounts from prior years to current year allocations.

The bill allows claimants who jointly construct or operate a day care center to apportion the amount of credit between them in any manner they choose. The Department would prefer such allocation to be according to individual contributions.

If you have questions regarding this technical memorandum, please contact Pam Walgren at 266-7817.

YEB:PW:ds
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State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

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

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FAX: (608) 266-5648

STEPHEN R. MILLER
CHIEF

March 27, 2000



MEMORANDUM

To: Senator Risser

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

Subject: Technical Memorandum to **SSA 1 to SB 199** (LRB 99s0259/1) (**corrected FE**)

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

March 22, 2000

TO: Joseph Kreye
Legislative Reference Bureau

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

SUBJECT: Technical Memorandum on SSA 1 to SB 199: Income and Franchise Tax Credit for Child Care Expenses

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

1. The credit for constructing or equipping a day care center in secs. 71.07 (5d)(b)1, 71.26 (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 provisions of an ongoing nature.
2. The bill provides for proration of the credit for nonresidents and part-year residents in sec. 71.07(6n)(c)2, but not for full-year residents married to part-year or non-residents. 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 avoid complexity in the tax code, the sponsor may want to prorate this credit on the basis of Wisconsin adjusted gross income to federal adjusted gross income, as with other nonrefundable credits.
3. The bill requires the Department of Revenue to randomly allocate credits to claimants who apply by March 1 of a given year; unused credits are then randomly allocated to claimants on a waiting list. The waiting list concept is probably unworkable since it will not be known if those claimants who were allocated credits in a tax year will use them until sometime later when returns are filed. Anyone on the waiting list who then received the credits would be required to file amended returns to claim the credit. Further, if the credit is a factor in the decision to construct or operate a day care center, then those on the waiting list may not have expended the funds for day care. A better alternative would be to add unused amounts from prior years to current year allocations.

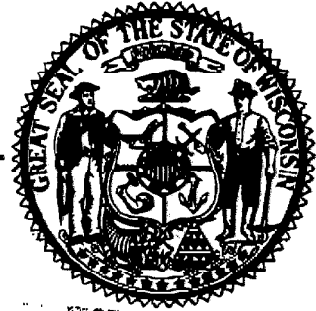
4. The bill allows claimants who jointly construct or operate a day care center to apportion the amount of credit between them in any manner they choose. The Department would prefer such allocation to be according to individual contributions.
5. The proposed legislation makes no provision for the funding 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</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>	 <u>Chapter 20</u>	 <u>Amount</u>	 <u>FTE</u>
one-time	s. 20.566 (1) (a)	\$18,800	1.3 FTE
annual	s. 20.566 (1) (a)	\$ 63,200	

If you have any questions regarding this technical memorandum, please contact Pamela Walgren at 266-7817; for administrative costs contact Jackie Wipperfurth at 266-9513.

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FRED A. RISSER
President
Wisconsin State Senate



February 8, 2000

George Lightbourn, Secretary
Department of Administration
101 E Wilson St.
Madison, WI 53702

LRB copy

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SECRETARY'S OFFICE

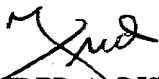
Dear George:

Senate Bill 199, relating to child care issues was recently considered by the Senate Committee on Human Services and Aging, where the Committee recommended adoption of Senate Substitute Amendment 1, by a vote of 5-0.

Senate Bill 199, was then referred to the Joint Committee on Finance where it is awaiting further consideration. Because the Senate Substitute Amendment will take the place of the bill, I would appreciate you providing us with a revised fiscal amendment which reflects the contents of the Substitute Amendment.

Thank you for your consideration.

Most sincerely,


FRED A. RISSER
Senate President

FAR:lt