FISCAL ESTIMATE FORM

1999 Session

LRB #	99s0259/1
INTRODUCTION #	SSA 1 to SB 199
Admin. Rule #	

ORIGINAL ☐ UPDATED ☐
CORRECTED ☐ ☒ SUPPLEMENTAL

Subject
Income and Franchise Tax: Child Care Credits

Fiscal Effect

State: ☐ No State Fiscal Effect
Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

☐ Increase Existing Appropriation ☐ Increase Existing Revenues
☐ Decrease Existing Appropriation ☒ Decrease Existing Revenues
☐ Create New Appropriation

☒ Increase Costs - May be Possible to Absorb Within Agency's Budget ☒ Yes ☐ No

☐ Decrease Costs

Local: ☐ No Local Government Costs

1. ☐ Increase Costs
   ☐ Permissive ☐ Mandatory
2. ☐ Decrease Costs
   ☐ Permissive ☐ Mandatory
3. ☐ Increase Revenues
   ☐ Permissive ☐ Mandatory
4. ☐ Decrease Revenues
   ☐ Permissive ☐ Mandatory
5. Types of Local Governmental Units Affected:
   ☐ Towns ☐ Villages ☐ Cities
   ☐ Counties ☐ Others ______
   ☐ School Districts ☐ WTCS Districts

Fund Sources Affected
☒ GPR ☐ FED ☐ PRO ☐ PRS ☐ SEG ☐ SEG-S

Affected Ch. 20 Appropriations

Assumptions Used in Arriving at Fiscal Estimate:

This proposal would create a credit against income and franchise taxes for expenditures of employers and individuals relating to child care.

Employers could claim credits for the following expenses related to child care of employees during the employees working hours:

1. Up to 50% of amounts paid or incurred in a taxable year to construct and equip a licensed day care center.
2. Up to 50% of amounts paid to operate a day care center, less amounts paid by employees to reimburse the employer.
3. Up to 50% of amounts paid to another licensed day care center during a taxable year.

The amount of credit claimed by an employer may not exceed $50,000 per taxable year and total claims by all employers are capped at $1.5 million in a fiscal year. Unused credits may be carried forward for 5 years to offset tax liability in future years.

If operation of an employer-owned daycare center for which credit has been claimed ceases within 5 years of completion of construction, the employer must prorate the amount of the credit and add-back any excess credit used to its tax liability as follows:

1. 100% if operation ceases within the first year.
2. 80% if operation ceases within the second year.
3. 60% if operation ceases within the third year.

(continued on page two)

Long-Range Fiscal Implications:

Agency/Prepared by: (Name & Phone No.)	Authorized Signature/Telephone No.	Date
Wisconsin Department of Revenue Pamela Walgren, (608) 266-7817	Yeang-Eng Braun (608) 266-2700 Yeang Eng Braun	2/28/00

4. 40% if operation ceases within the fourth year.
5. 20% if operation ceases within the fifth year.

The credits would be randomly allocated by the Department of Revenue to claimants who file annual applications with the Department before March 1. Unused credits would be allocated randomly to claimants on a waiting list. Claimants who jointly construct or operate a center may jointly file an application for credit. The total amount of a joint credit may not exceed $50,000, but may be allocated between the claimants in any manner they choose.

Based on information from the Department of Workforce Development on the current level of employer-sponsored day care programs and their costs, it is estimated that the full cap of $1.5 million in credits would be used in each fiscal year. The Department estimates that approximately 75% of credit claims are used in a given year. As a result, the credit would reduce tax revenues by approximately $1.125 million annually ($1.5 million x 75%).

4EB 2/28/00

FISCAL ESTIMATE WORKSHEET

ORIGINAL UPDATED
CORRECTED ☑ SUPPLEMENTAL

Detailed Estimate of Annual Fiscal Effect **1999 Session**

LRB # 99s0259/1	Admin. Rule #
INTRODUCTION # SSA 1 to SB 199	

Subject
Income and Franchise Tax: Child Care Credits

I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Costs:	**Annualized Fiscal impact on State funds from:**	
A. State Costs by Category	**Increased Costs**	**Decreased Costs**
State Operations - Salaries and Fringe	$	$ -
(FTE Position Changes)	(FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	$ minimal	$ -
B. State Costs by Source of Funds	**Increased Costs**	**Decreased Costs**
GPR	$	$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	**Increased Rev.**	**Decreased Rev.**
GPR Taxes	$	$ - 1,125,000
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
TOTAL State Revenues	$	$ - 1,125,000

NET ANNUALIZED FISCAL IMPACT

	STATE	**LOCAL**
NET CHANGE IN COSTS	$ +minimal	$
NET CHANGE IN REVENUES	$ -1,125,000	$

Agency/Prepared by: (Name & Phone No.)	**Authorized Signature/Telephone No.**	**Date**
Wisconsin Department of Revenue	**Yeang-Eng Braun** Yeang Eng Braun	2/28/00
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