

2001 ASSEMBLY BILL 160

March 1, 2001 – Introduced by Representatives BLACK, MUSSER, PLOUFF, J. LEHMAN, MORRIS-TATUM, LA FAVE, SHILLING, MILLER, MEYERHOFER, BERCEAU, TURNER, WASSERMAN, POCAN and BOCK, cosponsored by Senators ROBSON, RISSER, PLACHE, GEORGE, M. MEYER, BURKE, ROESSLER, BAUMGART and HANSEN. Referred to Committee on Ways and Means.

1 **AN ACT to create** 71.07 (6e) and 71.10 (4) (ce) of the statutes; **relating to:**
2 creating a nonrefundable individual income tax credit for certain expenses
3 related to child or dependent care.

Analysis by the Legislative Reference Bureau

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

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

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

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

ASSEMBLY BILL 160

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

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

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

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

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

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

15 2. For a claimant who is a nonresident or part-year resident of this state and
16 who is a single person or a married person filing a separate return, multiply the
17 credit for which the claimant is eligible under par. (b) by a fraction the numerator of
18 which is the individual’s Wisconsin adjusted gross income and the denominator of
19 which is the individual’s federal adjusted gross income. If a claimant is married and
20 files a joint return, and if the claimant or the claimant’s spouse, or both, are
21 nonresidents or part-year residents of this state, multiply the credit for which the
22 claimant is eligible under par. (b) by a fraction the numerator of which is the couple’s
23 joint Wisconsin adjusted gross income and the denominator of which is the couple’s
24 joint federal adjusted gross income.

