

2001 DRAFTING REQUEST

Bill

Received: **09/18/2000**

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Spencer Black (608) 266-7521**

By/Representing: **Rep. Black**

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

Drafter: **shoveme**

May Contact:

Alt. Drafters:

Subject: **Tax - individual income
Tax Credits - miscellaneous**

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Nonrefundable individual income tax credit for child, dependent care

Instructions:

See Attached. Redraft 1999 AB 166 (LRB -2108/1)

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>
/?	shoveme 09/19/2000	gilfokm 10/30/2000 jdye 11/03/2000		_____			State
/1			martykr 11/03/2000	_____	lrb_docadmin 11/03/2000	lrb_docadmin 11/09/2000	

FE Sent For:

<END>

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1?	shoveme	11/13 jld	12/13	11/13 12/13			

11/19/00
FE Sent For:

<END>



State Representative Spencer Black

State Capitol
P.O. Box 8952
Madison, WI 53708
(608) 266-7521

TO: Peter Dykman, Chief of Legislative Reference Bureau
FROM: Representative Spencer Black
DATE: September 7, 2000
RE: Redrafts of 1999 Assembly Bills for the upcoming 2001-2002 legislative session.

Please redraft the following 1999 Assembly Bills/Resolutions (as is) for the upcoming session:

RCT -AB 82	RACAB 145	RA AB 162
MTL-AB 165	AS AB 166	JK AB 261
ISR-AB 397	RETAB 457	RCT AB 458
RCT-AB 459	JTKAB 460	JTK AB 461
JTK-AB 462	TNF-AB 463	GMMAB 510
AS AB 511	JTKAB 644	JK-AB645
RCT-AB 702	RCT-AB 775	AS AB 831
PJH-AB 862	JK- AB 935	PJO AJR 50
PJO AJR 119		

Please redraft the following 1999 Assembly Bills with simple modifications as listed below:

AB 36: Draft Senate Substitute Amendment 1 to 1999 Senate Bill 2 as an assembly bill. On page 2 line 2 delete "2000-2001" and substitute "2001-2002"

AB 264: Redraft bill to include Senate Amendment 1 to 1999 Senate Bill 115 and Senate Amendment 2 to 1999 Senate Bill 115

AB 372: Redraft the bill to include Assembly Amendment LRBa0597/2

AB 936: Redraft the bill with the following changes.

In line 5 delete "ore processing reagent"

Delete line 6

Line 8 delete "ore processing reagents"



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

from 1999 AB 166 Bill file

December 22, 1998

TO: Representative Spencer Black
Room 219 North, State Capitol

FROM: Kelsie Doty, Fiscal Analyst

SUBJECT: Individual Income Tax: State Child-Care Credit

At your request, I am providing information on a proposal to provide a state child-care credit equal to a percentage of the federal child-care credit.

Federal Child-Care Credit

Federal law provides an income tax credit for a portion of qualifying child or dependent care expenses paid for the purpose of enabling the taxpayer to be gainfully employed. To be eligible, a taxpayer must maintain a household for a dependent under age 13 or a disabled spouse or other dependent individual. Qualifying expenses include amounts paid for household services and for the care of the qualifying individual. Services outside the home qualify if they involve the care of a qualified child or a disabled spouse or dependent who regularly spends at least eight hours a day in the taxpayer's home. The credit is not refundable. It may be used to reduce tax liability to zero, but a refund is not issued if the amount of the credit exceeds tax liability.

The maximum amount of expenses that may be considered for the credit is \$2,400 for one child or dependent and \$4,800 for two or more children or dependents, less any employer dependent care assistance payments. The credit percentage is equal to 30% of expenses if adjusted gross income (AGI) is \$10,000 or less. This percentage rate is reduced by 1% for each \$2,000 in income above \$10,000, until the percentage equals 20% for all taxpayers with AGI over \$28,000. For married couples filing joint returns, the credit is limited to the earned income of the lower-earning spouse. Generally, if one spouse is not working, no credit is allowed. Under these provisions, the maximum credit amount is \$720 (30% of \$2,400) for one child and \$1,440 (30% of \$4,800) for two or more children.

Sec. 21 A

Proposed State Child-Care Credit

Under current law, the state provides a dependent credit of \$50 for each dependent of the taxpayer at an estimated cost of \$65.5 million in 1998-99.

Table 1 shows the estimated cost of also providing a state child-care credit equal to a percentage of the federal credit in 1998-99 dollars. The table shows various state percentages ranging from 75% of the federal credit to 5%. The estimates are based on federal returns filed by Wisconsin residents and the 1995 Wisconsin tax sample.

TABLE 1

Estimated Cost of Alternative State Child-Care Credits

<u>Percent of Federal Credit</u>	<u>Maximum Credit</u>		<u>Estimated Cost (Millions)</u>
	<u>One Child</u>	<u>Two or More Children</u>	
75%	\$540	\$1,080	\$24.9
50	360	720	16.7
25	180	360	8.4
20	144	288	6.8
15	108	216	5.1
10	72	144	3.4
5	36	72	1.7

I hope this information is helpful. Please contact me with any questions you may have.

KD/dls/sas

SPM

Spencer Black

~~federalize~~ individual income tax credit.

state picks up fed child care credit

50% of fed credit on state tax.

(multiplying line by .5 — credit on tax.)

non-refundable

(restoring 1985 law)

1985 state
all 71.09 (120 (a))

from

1999

AB 166

Bill file

APR 19

MEMORANDUM

April 15, 1999

TO: Marc Shovers
Legislative Reference Bureau

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

from bill file

SUBJECT: Technical Memorandum on AB 166 – Individual Income Tax Credit for Dependent Care Expenses

Nonresidents and part-year residents are currently required to prorate the dependent, senior citizen, itemized deductions, and school property tax/rent credits based on the ratio of Wisconsin adjusted gross income (WAGI) to federal adjusted gross income (AGI). The bill draft provides a different proration method based on wages, salaries, tips, unearned income and net earnings from a trade or business. For purposes of tax simplification and consistency it is suggested that the proration method that is applied to the existing credits also be applied to the proposed credit.

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>Chapter 20</u>	<u>Amount</u>	<u>FTE Positions</u>
<u>FY 1999-00</u>			
one-time	s.20.566 (1) (a)	\$107,200	
annual	s.20.566 (1) (a)	\$11,200	0.3 FTE
<u>FY 2000-01</u>			
one-time	s.20.566 (1) (a)	\$18,800	
annual	s.20.566 (1) (a)	\$63,200	1.3 FTE

If you have questions regarding this technical memorandum, please contact Craig Kammholz at 261-8984. Contact Pat Lashore at 266-3347 for questions concerning administrative costs.

YEB:CK:skr
t:\fsn99-00\ck\ab166.tec.doc

2001-2002

-0412/1
LRB-2108/L

MES:cmh&slp
↑
jld
RMR

1999 ASSEMBLY BILL 166

D-Note
↓

March 4, 1999 - Introduced by Representatives BLACK, POWERS, CARPENTER, SINICKI, J. LEHMAN, RYBA, BOCK, HASENQHRL, POCAN, LASSA, MEYER, SCHOOFF, CULLEN, PLOUFF and BOYLE, cosponsored by Senators ROBSON, BAUMGART, PLACHE, RISSER, ERPENBACH and CLAUSING. Referred to Committee on Ways and Means.

Refer

- 1 AN ACT to amend 71.08 (1) (intro.); and to create 71.07 (6m) and 71.10 (4) (cm)
- 2 of the statutes; relating to: creating a nonrefundable individual income tax
- 3 credit for certain expenses related to child or dependent care.

Analysis by the Legislative Reference Bureau

*
* 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 166

number

be

1 SECTION 1. 71.07 (b) of the statutes is created to read:

2 71.07 (b) 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).

✓
274

15 For a claimant who is a nonresident or part-year resident of this state,
 16 and who is a single person or a married person filing a separate return,
 17 multiply the credit for which the claimant is eligible under par. (b) by a fraction the
 18 numerator of which is the individual's ^{Wisconsin adjusted gross income} wages, salary, tips, unearned income and net
 19 earnings from a trade or business that are taxable by this state and the denominator
 20 of which is the individual's ^{federal adjusted gross income} total wages, salary, tips, unearned income and net
 21 earnings from a trade or business. In this subdivision, for married persons filing
 22 separately "wages, salary, tips, unearned income and net earnings from a trade or
 23 business" means the separate wages, salary, tips, unearned income and net earnings
 24 from a trade or business of each spouse, and for married persons filing jointly "wages,
 salary, tips, unearned income and net earnings from a trade or business" means the

[Handwritten signature]

ASSEMBLY BILL 166

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

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

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

6 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
7 couple filing jointly, trust or estate under s. 71.02, not considering the credits under
8 ss. 71.07 (1), (2dd), (2de), (2di), (2dj), (2dL), (2dr), (2ds), (2dx), (2fd), (3m), (3s), (6),
9 (6m) ^{6e} and (9e), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and
10 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx), (1fd), (2m) and (3) and subchs. VIII
11 and IX and payments to other states under s. 71.07 (7), is less than the tax under this
12 section, there is imposed on that natural person, married couple filing jointly, trust
13 or estate, instead of the tax under s. 71.02, an alternative minimum tax computed
14 as follows:

15 **SECTION 3.** 71.10 (4) ^{lx} (am) ^{6e} of the statutes is created to read:

16 71.10 (4) (am) ^{6e} The child and dependent expenses care credit under s. 71.07
17 (6m) ^{6e}.

18 **SECTION 4. Initial applicability.**

19 (1) This act first applies to taxable years beginning on January 1 of the year
20 in which this subsection takes effect, except that if this subsection takes effect after
21 July 31, this act first applies to taxable years beginning on January 1 of the year
22 following the year in which this subsection takes effect.

23 (END)

D-NOTE

NO FP The treatment of nonresidents and part-year residents
is changed in this draft to address a comment made by the
department of revenue regarding 1999 AB 166.

MZA

BILL

USE This language in tax credits - see s. 71.07 (4) (a)

1. "Claimant" means an individual who provides more than 50% of the support for an elderly relative in the taxable year to which a claim under this subsection relates.

2. "Elderly relative" means an individual who is at least 60 years old in the year to which a claim under this subsection relates; is the claimant's parent, grandparent, brother, sister, aunt, uncle or first cousin; and is related to the claimant by blood, marriage or adoption.

(b) Filing claims. Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.02, up to the amount of those taxes, an amount up to \$1,000 each taxable year for costs incurred by the claimant in providing support for an elderly relative who lives with the claimant for the entire taxable year to which the claim relates.

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

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

INS 2-14

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0412/1dn
MES:jld:km

November 3, 2000

The treatment of nonresidents and part-year residents is changed in this draft to address a comment made by the department of revenue regarding 1999 AB-166.

Marc E. Shovers
Senior Legislative Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.state.wi.us



STEPHEN R. MILLER
CHIEF

State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

100 NORTH HAMILTON STREET
5TH FLOOR
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
LEGAL FAX: (608) 264-6948

November 3, 2000

MEMORANDUM

To: Representative Black

From: Marc E. Shovers, Senior Legislative Attorney

Re: LRB-0412 Nonrefundable individual income tax credit for child, dependent care

The attached draft was prepared at your request. Please review it carefully to ensure that it is accurate and satisfies your intent. If it does and you would like it jacketed for introduction, please indicate below for which house you would like the draft jacketed and return this memorandum to our office. If you have any questions about jacketing, please call our program assistants at 266-3561. Please allow one day for jacketing.

JACKET FOR ASSEMBLY JACKET FOR SENATE

If you have any questions concerning the attached draft, or would like to have it redrafted, please contact me at (608) 266-0129 or at the address indicated at the top of this memorandum.

If the last paragraph of the analysis states that a fiscal estimate will be prepared, the LRB will request that it be prepared after the draft is introduced. You may obtain a fiscal estimate on the attached draft before it is introduced by calling our program assistants at 266-3561. Please note that if you have previously requested that a fiscal estimate be prepared on an earlier version of this draft, you will need to call our program assistants in order to obtain a fiscal estimate on this version before it is introduced.

Please call our program assistants at 266-3561 if you have any questions regarding this memorandum.



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 19, 2001

MEMORANDUM

To: Representative Black

From: Marc E. Shovers, Sr. Legislative Attorney, (608) 266-0129

Subject: Technical Memorandum to **2001 AB-160** (LRB 01-0412/1)

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

March 14, 2001

TO: Marc Shovers
Legislative Reference Bureau

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

SUBJECT: Technical Memorandum on AB 160 – Nonrefundable Individual Income Tax Credit for Child/Dependent Care Expenses

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>Chapter 20</u>	<u>Amount</u>	<u>FTE</u>
one-time	s. 20.566 (1) (a)	FY02: \$ 43,800 FY03: \$ 31,200	
annual	s. 20.566 (1) (a)	FY02: \$ 88,100 FY03: \$236,600	0.3 3.2

If you have any questions regarding this technical memorandum, please contact Meredith Krejny at 261-8984.

YEB:MK:ds
I:\fsn01-02\mk\ab160.tec