

### Assembly Hearing Slip

(Please print plainly)

AB183

Date: 4/11/01

Bill No. AB 183

Or Subject \_\_\_\_\_

(Name) Rep. Tim Hoover

(Street Address or Route Number) \_\_\_\_\_

(City & Zip Code) \_\_\_\_\_

(Representing) \_\_\_\_\_

Speaking *In favor*:

Speaking *against*:

Registering *In favor*:

Registering *against*:

Speaking for *information only*:

Neither for nor *against*:

Please return this slip to a messenger promptly.

Assembly Sergeant at Arms  
Room 411 West  
State Capitol  
Madison, WI 53702

### Assembly Hearing Slip

(Please print plainly)

Date: 4-11

Bill No. AB 183

Or Subject \_\_\_\_\_

Name Tom Durkin - DOR

Street Address or Route Number \_\_\_\_\_

City and Zip Code \_\_\_\_\_

Representing \_\_\_\_\_

Speaking in favor:

Speaking against:

Registering in favor:

Registering against:

Speaking for information only:

Neither for nor against:

Please promptly return this slip to the messenger at the committee.

Provided by:  
Assembly Sergeant at Arms  
411 West, State Capitol  
Madison, WI 53708

### Assembly Hearing Slip

(Please print plainly)

Date: April 11, 2001

Bill No. AB 183

Or Subject \_\_\_\_\_

Name Senator Carol Rossler

Street Address or Route Number 100 N Hamilton #403

City and Zip Code \_\_\_\_\_

Representing \_\_\_\_\_

Speaking in favor:

Speaking against:

Registering in favor:

Registering against:

Speaking for information only:

Neither for nor against:

Please promptly return this slip to the messenger at the committee.

Provided by:  
Assembly Sergeant at Arms  
411 West, State Capitol  
Madison, WI 53708

# Assembly Hearing Slip

(Please print plainly)

Date: 4/11

Bill No. AB 183  
Or  
Subject AB 183

Name Jim Leachart  
(Name)

Street Address or Route Number

(City & Zip Code)

WI Child Care and Ed. Coal. 500  
(Representing)

Speaking in favor:

Speaking against:

Registering in favor:

Registering against:

Speaking for information only:

Neither for nor against:

Please return this slip to a messenger promptly.  
Assembly Sergeant at Arms  
Room 411 West  
State Capitol  
Madison, WI 53702

# Assembly Hearing Slip

(Please print plainly)

Date: 4/11/01

Bill No. AB 183  
Or  
Subject \_\_\_\_\_

Name Deanne Leach

Street Address or Route Number

6333 W. Hammond Milwaukee 53213

City and Zip Code WI State AFL-CIO  
Representing

Speaking in favor:

Speaking against:

Registering in favor:

Registering against:

Speaking for information only:

Neither for nor against:

Please promptly return this slip to the messenger at the committee.

Provided by:  
Assembly Sergeant at Arms  
411 West, State Capitol  
Madison, WI 53708

# Assembly Hearing Slip

(Please print plainly)

Date: April 11, 2001

Bill No. AB 183  
Or  
Subject \_\_\_\_\_

Name Dean Hansen

Street Address or Route Number

501 E. Washington Ave Madison, WI 53703

City and Zip Code WME  
Representing

Speaking in favor:

Speaking against:

Registering in favor:

Registering against:

Speaking for information only:

Neither for nor against:

Please promptly return this slip to the messenger at the committee.

Provided by:  
Assembly Sergeant at Arms  
411 West, State Capitol  
Madison, WI 53708

# Assembly Hearing Slip

(Please print plainly)

Date: 4-11-01

Bill No. AB 183

Or  
Subject Very Low Tax Relief

Name Rep. Jeff Pata

Street Address or Route Number \_\_\_\_\_

City and Zip Code \_\_\_\_\_

Representing \_\_\_\_\_

Speaking in favor:	<input type="checkbox"/>
Speaking against:	<input type="checkbox"/>
Registering in favor:	<input checked="" type="checkbox"/>
Registering against:	<input type="checkbox"/>
Speaking for information only:	<input type="checkbox"/>
Neither for nor against:	<input type="checkbox"/>

Please promptly return this slip to the messenger at the committee.

Provided by:  
Assembly Sergeant at Arms  
411 West, State Capitol  
Madison, WI 53708

# Assembly Hearing Slip

(Please print plainly)

Date: 11 April 2001

Bill No. AB 183

Or  
Subject \_\_\_\_\_

Name M. Colleen Wilson

Street Address or Route Number 131 W. Wilson St

City and Zip Code Madison 53703

Representing Wisconsin Catholic Conference

Speaking in favor:	<input type="checkbox"/>
Speaking against:	<input type="checkbox"/>
Registering in favor:	<input checked="" type="checkbox"/>
Registering against:	<input type="checkbox"/>
Speaking for information only:	<input type="checkbox"/>
Neither for nor against:	<input type="checkbox"/>

Please promptly return this slip to the messenger at the committee.

Provided by:  
Assembly Sergeant at Arms  
411 West, State Capitol  
Madison, WI 53708

ARB 183

Credit <sup>for 1000</sup> for all <sup>costs incurred</sup> employers <sup>draw</sup>

50% paid or incurred by employer to build or operate facility or costs paid for services at another location.

\$20k limit (from \$50k in bill)

1.5 mil over-all cap removed  
non refundable

5 yr carry-forward

Recapt Provision → if claim credit for costs & don't use fail after 1 yr must ~~draw~~ pay back \$ on a phase down manner

If you fail in the lottery for 2 years, 3rd year you get first draw.

→ get rid of waiting list so that recaptured credits are made available to new applicants.

→ If credits applied for exceed & avail, divide avail & proportionally amongst the applicants.

# Assembly Committee on Ways and Means

DATE \_\_\_\_\_

Moved by Starzyk Seconded by Zieg

AB 183 SB \_\_\_\_\_ Clearinghouse Rule \_\_\_\_\_

AJR \_\_\_\_\_ SJR \_\_\_\_\_

A \_\_\_\_\_ SR \_\_\_\_\_ Other \_\_\_\_\_

A/S Amdt \_\_\_\_\_

A/S Amdt \_\_\_\_\_ to A/S Amdt \_\_\_\_\_

A/S Sub Amdt 1

A/S Amdt \_\_\_\_\_ to A/S Sub Amdt \_\_\_\_\_

A/S Amdt \_\_\_\_\_ to A/S Amdt \_\_\_\_\_ to A/S Sub Amdt \_\_\_\_\_

Be recommended for:

Passage

Introduction

Adoption

Rejection

Indefinite Postponement

Tabling

Concurrence

Nonconcurrence

	Committee Member	Aye	No	Absent	Not voting
1.	Rep. Mickey Lehman, chair	1			
2.	Rep. John Ainsworth, vice-chair	2			
3.	Rep. Suzanne Jeskewitz	3			
4.	Rep. Frank Lasee	4			
5.	Rep. Samantha Starzyk	5			
6.	Rep. Tom Sykora	6			
7.	Rep. Carol Owens	10			
8.	Rep. Luther Olsen	7			
9.	Rep. Wayne Wood	8			
10.	Rep. Bob Ziegelbauer	9			
11.	Rep. Johnnie Morris-Tatum		1		
12.	Rep. Mark Pocan		2		
13.	Rep. Bob Turner		3		
	Totals	10 <del>9</del>	3		

MOTION CARRIED

MOTION FAILED

## Assembly Committee on Ways and Means

DATE \_\_\_\_\_

Moved by Zieg Seconded by Lehman

AB 183 SB \_\_\_\_\_ Clearinghouse Rule \_\_\_\_\_

AJR \_\_\_\_\_ SJR \_\_\_\_\_

A \_\_\_\_\_ SR \_\_\_\_\_ Other \_\_\_\_\_

A/S Amdt \_\_\_\_\_

A/S Amdt \_\_\_\_\_ to A/S Amdt \_\_\_\_\_

A/S Sub Amdt \_\_\_\_\_

A/S Amdt \_\_\_\_\_ to A/S Sub Amdt \_\_\_\_\_

A/S Amdt \_\_\_\_\_ to A/S Amdt \_\_\_\_\_ to A/S Sub Amdt \_\_\_\_\_

Be recommended for:

Passage

Introduction

Adoption

Rejection

Indefinite Postponement

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Concurrence

Nonconcurrence

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1.	Rep. Mickey Lehman, chair	1			
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4.	Rep. Frank Lasee	4			
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6.	Rep. Tom Sykora	6			
7.	Rep. Carol Owens	10			
8.	Rep. Luther Olsen	7			
9.	Rep. Wayne Wood	8			
10.	Rep. Bob Ziegelbauer	9			
11.	Rep. Johnie Morris-Tatum		1		
12.	Rep. Mark Pocan		2		
13.	Rep. Bob Turner		3		
	Totals	109	3		

MOTION CARRIED

MOTION FAILED

## Nowlan, Andrew

---

**From:** Schooff, Susie  
**Sent:** Monday, April 23, 2001 10:55 AM  
**To:** Nowlan, Andrew  
**Subject:** Lactation Tax Credit sub

Andrew,

Here is a copy of the Lactation Tax Credit sub with the changes the DOR, and the committee requested. It was agreed upon to use language similar to Rep. Hoven's bill AB183. During the meeting with Jeff, Joe Kreye, Pam and Sherrie and myself identified the following changes.

1. Insure that the lactation room be located in Wisconsin.
2. Change it to a \$5000 cap for the claim. This way there are no headaches regarding pro-rating and less administrative hassle. Also, businesses understand from the beginning what the maximum tax credit will be and can plan accordingly.
3. Change the AMT to "before" (per DOR.)
4. Add additional language that would include businesses that operate either a cash or credit basis (per DOR.)
5. Technical language change to explain "claimant" (per DOR.)
6. Clarify "carry-over" language (per DOR.)

Let me know if you have any questions.

Thanks,  
Susie Schooff  
Office of Rep. Jeff Plale  
266-0610

-----Original Message-----

**From:** Kreye, Joseph  
**Sent:** Monday, April 23, 2001 10:08 AM  
**To:** Schooff, Susie  
**Subject:** Here's a copy of the draft you requested.



01s0093/1

**Joseph T. Kreye**, Legislative Attorney  
Legislative Reference Bureau  
(608) 266-2263  
[joseph.kreye@legis.state.wi.us](mailto:joseph.kreye@legis.state.wi.us)

## Nowlan, Andrew

---

**From:** Gates-Hendrix, Sherrie  
**Sent:** Friday, April 06, 2001 11:21 AM  
**To:** Nowlan, Andrew  
**Subject:** AB 183 info

Hi Andrew ---

You had asked some time ago about DOR thoughts on AB 183 --- the bill on the day care center credit. Here's a brief summary of what our technical people said in reviewing the bill. Our position is neutral, but Tom will probably point out some of these problems at the hearing.

S.

### **Description of AB 183:**

This bill creates a nonrefundable income and franchise tax credit for a business to construct, equip, operate, or provide a day care center for the children of its employees during work hours. The credit is equal to 50% of the amount paid during the year to construct and equip a day care center, 50% of the amount paid to operate its day care center, and, if the business does not construct its own day care center, 50% of the amount paid to a day care center to provide day care to the children of its employees.

Unused credits may be carried forward and used for up to five years.

### **Statutory language problems:**

The analysis states that 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. However, secs. 71.07(5d)(g), 71.28(5d)(g), and 71.47(5d)(g) provide that a partnership, limited liability company, or tax-option corporation may claim the credit as an entity. This appears to be incorrect. Because these entities pass their income through to their partners, members, or shareholders, the entity would not have any tax to offset the credit.

To provide that the credit is claimed by the partners, members, and shareholders, secs. 71.07(5d)(g), 71.28(5d)(g), and 71.47(5d)(g) should contain language similar to that in sec. 71.07(9m)(f). Sections 71.21(4) and 71.34(1)(g) should also be amended to provide an addition to income for the partnership, limited liability company, and tax-option corporation for the amount of the credit. Section 71.07(5d)(d) should be clarified to provide that the partnership, limited liability company, or tax-option corporation must file the annual application for the credit, not the individual partners, members, or shareholders.

Claimants who jointly construct, equip, or operate a licensed day care center should claim the credits in the same manner as a partnership and allocate the credits based on eligible costs incurred by the joint venture in proportion to their joint venture interest, as opposed to in any manner that the joint claimants choose.

Since taxpayers file both calendar year and fiscal year returns and late and amended returns at times which do not correspond with a state fiscal year, the \$1,500,000 limit for this credit in a state fiscal year and reallocation of any unused credits on a waiting list appears to be nonadministrative.

Ways & Means Committee  
Preliminary Report on Referred Legislation  
April 10, 2001

Bill: **AB 183**  
Author: **Rep. Hoven**  
Date Referred: **03-08-2001**  
Public Hearing: **04-11-2001**  
Executive Session: **N/A**

Relating Clause: **an income and franchise tax credit for a business to construct, equip, operate, or provide a day cared center for the children of employees.**

---

**Comments from Department of Revenue-**

The analysis states that 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. However, secs. 71.07(5d)(g), 71.28(5d)(g), and 71.47(5d)(g) provide that a partnership, limited liability company, or tax-option corporation may claim the credit as an entity. This appears to be incorrect. Because these entities pass their income through to their partners, members, or shareholders, the entity would not have any tax to offset the credit.

To provide that the credit is claimed by the partners, members, and shareholders, secs. 71.07(5d)(g), 71.28(5d)(g), and 71.47(5d)(g) should contain language similar to that in sec. 71.07(9m)(f). Sections 71.21(4) and 71.34(1)(g) should also be amended to provide an addition to income for the partnership, limited liability company, and tax-option corporation for the amount of the credit. Section 71.07(5d)(d) should be clarified to provide that the partnership, limited liability company, or tax-option corporation must file the annual application for the credit, not the individual partners, members, or shareholders.

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Since taxpayers file both calendar year and fiscal year returns and late and amended returns at times which do not correspond with a state fiscal year, the \$1,500,000 limit for this credit in a state fiscal year and reallocation of any unused credits on a waiting list appears to be nonadministrative.

---

**Comments from the Author-**

Author's reasoning for introducing legislation:  
**comments.**

Author's intent:

**To help business provide on-site day care facilities to encourage mom's to get back into the workforce.**

Does the Author want the legislation moved forward?

Yes     No

If no, do we have this in writing?

Yes     No

Is the legislation in its final form?

Yes     No

If major changes are required, the author shall prepare and introduce the necessary amendments.

**Rep. Hoven has provided AA1.**

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**Notes-**

This was 1999 Assembly Bill 393.

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## WISCONSIN CATHOLIC CONFERENCE

TO: The Honorable Members of the Assembly Committee on Ways and Means

FROM: Kathy Markeland, Associate Director *Kathy Markeland*

DATE: April 11, 2001

RE: Support for Assembly Bill 183

---

The Wisconsin Catholic Conference supports Assembly Bill 183 which provides income and franchise tax credits for a business to construct, equip and operate a day care center for the children of employees.

Of particular concern to the Church is the way in which public policies protect and support the poor among us. In November of 1998, the WCC in conjunction with Catholic Charities of the Archdiocese of Milwaukee released a study entitled "Raising Children in a World of Work not Welfare". In that study we found that quality childcare was among the top concerns of parents as they entered the workforce.

Low-income parents face a number of dilemmas when attempting to secure quality childcare. For example, they are often limited in the number of options available to them due to transportation issues and affordability concerns. Our study found that of our sample two-thirds of the parents relied on public transportation and of those 70 percent spent 60 minutes or more in transit each way. In this situation, the benefits of on-site day care become immediately apparent.

While a modest program, such as the one proposed in AB 183 will only be able to directly benefit a limited number of employers and employees, the successful examples that this program may generate could serve to encourage other employers to explore the benefits of employer-sponsored day care.

Thank you for considering our comments.

DRAFT

**MEMORANDUM**

April 17, 2001

**TO:** Tom Ourada

**FROM:** Meredith Krejny  
Pam Walgren

**SUBJECT:** LRB 1929/1—Income and Franchise Tax Credit for Businesses That Equip a Facility for Employees to Pump and Store Breast Milk

LRB 1929/1 provides that the breast pump facility credit may be offset against the tax imposed under section 71.02, the "regular" income tax. However, the order of computation places the credit so that it is subtracted after the alternative minimum tax (AMT). If the credit is intended to apply to the AMT, then section 71.07(5d)(b) should be changed to state the credit may be claimed against the AMT. If the credit is not meant to be applied against the AMT, then the order of computation should be changed so that the credit is deducted before the AMT.

The AMT was designed to prevent taxpayers with high incomes from using special tax benefits to avoid paying taxes. The AMT is a computation that reduces the benefit of certain deductions and credits and attempts to ensure that individuals who benefit from these tax advantages will pay at least a minimum amount of tax.

The calculation of the Wisconsin AMT begins with the federal alternative minimum taxable income and is patterned after the federal AMT. Because the federal AMT income thresholds have not been indexed for inflation, a growing number of taxpayers are subject to the AMT each year. Federal alternative minimum tax rates range from 26% to 28%; the state alternative minimum tax rate is 6.5%. Currently, about 3,500 of 2.5 million Wisconsin individual income tax returns apply the AMT.

Income tax credits may be designed to be taken either against the regular income tax or the AMT, depending upon where they are placed in the computation order under section 71.10 (4). Credits that are allowed against the regular income tax include the itemized deductions credit, the school property tax credit, the historic credits and the working families tax credit. Credits that are placed after the AMT in the computation order and used to offset the AMT include the married persons credit, manufacturing sales tax credit, and the development zones credit.

To the extent that a credit is placed so that it would offset the AMT, it would provide a greater benefit to the taxpayer. However, it would also work against the purpose for the AMT, ensuring that high-income individuals pay at least a certain amount of tax.

The following table shows the effect of placing the credit before and after the AMT. In this example, the breast pump facility credit is assumed to be \$4,000. Since the amount of the AMT is the difference between a separate AMT calculation and the regular computed tax, placing the

credit before the AMT in the computation order increases the amount of AMT added to the total tax liability. Placing the credit after the AMT calculation reduces total tax liability by the amount of the credit, \$4,000, as compared to placing the credit before the AMT.

	<u>Credit Applied</u>	
	<u>After AMT</u>	<u>Before AMT</u>
Taxable Income	\$ 750,000	\$ 750,000
Tax	50,100	50,100
Itemized Deduction Credit	600	600
School Property Tax Credit	300	300
Breast Pump Facility Credit		4,000
Total Credits Before AMT	<u>900</u>	<u>4,900</u>
Tax Before AMT	49,200	45,200
AMT	<u>2,500</u>	<u>6,500</u>
Gross Tax	51,700	51,700
Married Couple Credit	10	10
Breast Pump Facility Credit	4,000	
Total Credits After AMT	<u>4,010</u>	<u>10</u>
Net Tax	\$ 47,690	\$ 51,690

The number of taxpayers that would claim this credit is unknown, but is expected to be less than 100. The following table shows the annualized fiscal effect if 100 businesses claimed credits in the amounts shown. The Department estimates that approximately 75% of credits claimed in a year are used to offset tax liability.

Estimated Number of Claimants	100	100	100
<b>Maximum Individual Claim</b>	<b>\$ 4,000</b>	<b>\$ 5,000</b>	<b>\$ 8,000</b>
Total Amount of Annual Claims	400,000	500,000	800,000
Annual Fiscal Effect (75%)	300,000	375,000	600,000

This method would provide some credit to all applicants and avoid a potential problem under the equal protection clause of the U.S. Constitution by treating similarly situated taxpayers the same.

MK:PW:skr  
t:\memo\mk\pw\ourada.518.doc

DRAFT

MEMORANDUM

April 18, 2001

**TO:** Tom Ourada  
**FROM:** Pam Walgren  
**SUBJECT:** AB 183: Income and Franchise Tax Credit for Businesses to Construct, Equip, Provide or Operate a Day Care Center For Children of Employees

As proposed, AB 183 would provide a nonrefundable income and franchise tax credit for businesses that provide day care services for employees during work hours. The total credit is limited to \$50,000 per business, subject to a \$1.5 million total credit cap per fiscal year. Businesses would file an application before March 1 a given year for a random assignment of credits.

An alternative to the random assignment of credits would be to limit the amount of credits a business could claim and make the credit available to all claimants. It is estimated that 100 businesses would apply for the credit. The following table shows the annualized fiscal effect if 100 businesses claimed credits in the amounts shown. The Department estimates that approximately 75% of credits claimed in a year are used to offset tax liability.

Estimated Number of Claimants	100	100	100	100
<b>Maximum Individual Claim</b>	<b>\$ 20,000</b>	<b>\$ 30,000</b>	<b>\$ 40,000</b>	<b>\$ 50,000</b>
Total Amount of Annual Claims	2,000,000	3,000,000	4,000,000	5,000,000
Annual Fiscal Effect (75%)	1,500,000	2,250,000	3,000,000	3,750,000

This method would provide some credit to all applicants and avoid a potential problem under the equal protection clause of the U.S. Constitution by treating similarly situated taxpayers the same.

About 20 states offer some type of credit for businesses that provide day care services. Of these, four have a total credit cap. Tennessee, Virginia, Florida and Kansas approve claims in the order they are received.

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## Example of Application/Pro Ration Timing Problem

### Calendar Year Filer

Application Deadline	March 1	
Hypothetical Corporation Tax Year Start	Jan. 1	
End of Tax Year	Dec. 31	9 months
Filing Deadline (with Automatic Extension)	Oct. 15	<u>10 months</u>
Months until Required to File Return		19 months
Audit Schedule for Most Businesses	4 years	<u>48 months</u>
Elapsed Time Before Know if Credits Used		<u>67 months</u> (5 years 7 months)

- Under this system, unused credits are tied up for extended periods and not available for use.
- Competes with simplification goals in tax system.
- Requires taxpayers to jump through hoops to obtain the credit.
- Uncertainty in the amount of credit could impair the businesses' planning efforts.
- Proration based on application amounts encourages taxpayers to inflate claims so that would get a greater amount of credit approved. Some would cover costs, others would not, based on how much they inflate original estimates.

**FISCAL ESTIMATE FORM**

**2001 Session**

- ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

LRB # 01-0740/1

INTRODUCTION # AB 183

Admin. Rule #

**Subject**

Income and Franchise Tax Credit for Businesses to Construct, Equip, Provide or Operate Day Care Centers for Children of Employees

**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**

20.566 (1)(a)

**Assumptions Used in Arriving at Fiscal Estimate:**

The bill would provide a nonrefundable income and franchise tax credit for a business to construct, equip, operate or provide a licensed day care center for the children of its employees during working hours. Each business may claim credits up to \$50,000 in a taxable year, but total credits could not exceed \$1.5 million in a state fiscal year. Unused credit amounts may be carried forward for five years to be used to offset future tax liability.

The credit could be claimed for 50% of amounts spent by the business to:

- construct or equip a day care center that the business owns and operates,
- operate its own day care center, and
- provide day care for children of employees if the business does not own and operate its own facility.

Claimants who jointly construct, equip or operate a center may jointly claim the credit, apportioning the credit amount among them in any manner. Partnerships, limited liability companies and tax-option corporations may claim the credit, rather than computing it and passing it on to partners, members and shareholders.

Claimants would be required to file an annual application with the Department of Revenue on or before March 1. The Department would randomly allocate the credits so as not to exceed \$1.5 million in a fiscal year. The Department would randomly allocate unused credits from a waiting list of claimants not originally awarded credits.

Claimants who have received credits for constructing and equipping a center and then cease operation within five years after construction was completed would be required to add a percentage of the credit

(continued on page two)

**Long-Range Fiscal Implications:**

Agency/Prepared by: (Name & Phone No.) Wisconsin Department of Revenue Pam Walgren, (608) 266-7817	Authorized Signature/Telephone No. Dennis Collier <i>Dennis Collier</i> (608) 266-5773	Date 4/3/01
--	--	----------------

received for construction and operation to their tax liability. Claimants would add 100% of the credit amount to their tax liability if the day care center ceases operation within the first year after construction is completed, 80% if the center ceases operation within the second year, 60% if within the third year, 40% if within the fourth year, and 20% if within the fifth year.

Because the credit amounts can be allocated by the claimants in any manner, it is assumed that the full credit amounts would be used each year. Therefore, it is estimated that the credit would decrease tax revenues by \$1.5 million annually.

The bill does not provide funding for costs associated with administering the bill. The Department estimates that one-time costs would be \$54,700, including 0.25 FTE, and ongoing annual costs would be \$64,600, including 1 FTE.

DL  
4/3/01

**FISCAL ESTIMATE WORKSHEET**

Detailed Estimate of Annual Fiscal Effect

**2001 Session**

- ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

LRB # 01-0740/1

Admin. Rule #

**INTRODUCTION AB 183**

**Subject**

Income and Franchise Tax Credit for Businesses to Construct, Equip, Provide or Operate Day Care Centers for Children of Employees

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

One time costs of \$54,700, including 0.25 FTE .

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringe	\$ 64,600	\$ -
(FTE Position Changes)	(1 FTE)	(- FTE)
State Operations-Other Costs		-
Local Assistance		-
Aids to Individuals or Organizations		-
<b>TOTAL State Costs by Category</b>	\$ 64,600	\$ -
<b>B. State Costs by Source of Funds</b>		
GPR	\$ 64,600	\$ -
FED		-
PRO/PRS		-
SEG/SEG-S		-
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>	<b>Increased Rev.</b>	<b>Decreased Rev.</b>
GPR Taxes	\$	\$ - 1,500,000
GPR Earned		-
FED		-
PRO/PRS		-
SEG/SEG-S		-
<b>TOTAL State Revenues</b>	\$	\$ - 1,500,000

**NET ANNUALIZED FISCAL IMPACT**

	<u>STATE</u>	<u>LOCAL</u>
NET CHANGE IN COSTS	\$ 64,600	\$
NET CHANGE IN REVENUES	\$ -1,500,000	\$

Agency/Prepared by: (Name & Phone No.) Wisconsin Department of Revenue Pam Walgren, (608) 266-7817	Authorized Signature/Telephone No. Dennis Collier <i>Dennis Collier</i> (608) 266-5773	Date 4/3/01
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