

2015 DRAFTING REQUEST

Bill

Received: 9/18/2015 Received By: mshovers
For: Julie Lassa (608) 266-3123 Same as LRB:
May Contact: By/Representing: Aaron of Rep. Sargent
Subject: Tax, Individual - income credit Drafter: mshovers
Addl. Drafters:
Extra Copies:

Submit via email: YES
Requester's email: Sen.Lassa@legis.wisconsin.gov
Carbon copy (CC) to:

Pre Topic:

No specific pre topic given

Topic:

Create a child tax credit based on the federal credit

Instructions:

Senate companion to LRB -3280/1, which was a redraft of 2013 AB 757 (LRB -3781/2). Create an individual income tax credit that "mirrors" the federal credit, which is the credit in 26 USC 24

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mshovers 9/18/2015	kfollett 9/18/2015	_____			
/1			_____	lparisi 9/18/2015	mbarman 9/24/2015	State

FE Sent For:

<END>

Shovers, Marc

From: Collins, Aaron
Sent: Friday, September 18, 2015 2:10 PM
To: Shovers, Marc
Cc: Ford-Kelly, Jessica
Subject: Senate companion

Hi Marc,

Can you draft a Senate companion to LRB 3280/1 so Senator Lassa can introduce it?

Thanks and have a great weekend!

Aaron Collins

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State of Wisconsin
2015 - 2016 LEGISLATURE

-3303/1
LRB-3280/1
MES:kjf

2015 BILL

today
no changes

gen

1 **AN ACT to create** 71.07 (8m) and 71.10 (4) (cs) of the statutes; **relating to:**
2 creating a nonrefundable individual income tax credit based on the federal tax
3 credit for certain expenses for household and dependent care services.

Analysis by the Legislative Reference Bureau

This bill creates a nonrefundable individual income tax credit for certain expenses for household and dependent care services, based on a similar federal credit.

Under current federal law, there exists a tax credit for expenses for household and dependent care services necessary for gainful employment. Generally, the federal credit is a nonrefundable individual income tax credit that may be claimed by an individual for employment-related expenses for household services and dependent care services for a qualifying individual. Because the credit is nonrefundable, it may be claimed only up to the amount of a taxpayer's tax liability.

Generally, under federal law, a qualifying individual is someone who has the same principal place of abode as the claimant for more than one-half the year, is the claimant's dependent, and is: 1) a child 12 or under; 2) a child 13 or older who is incapable of self-care; or 3) the claimant's spouse who is incapable of self-care.

The credit may be claimed for expenses to enable the claimant to be gainfully employed or actively search for gainful employment. Generally, allowable expenses for a qualifying individual under federal law include costs for in-home care or daycare, nursery school or preschool programs, and before-school and after-school care for school-age children. Depending on the claimant's adjusted gross income, the

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credit may be worth between 20 percent and 35 percent of the claimant's allowable expenses, up to a maximum annual amount of \$3,000 if there is one qualifying individual and up to \$6,000 if there are two or more qualifying individuals.

This bill creates a nonrefundable individual income tax credit based on the federal tax credit for expenses for household and dependent care services. Under the bill, an individual who is eligible for and claims the federal tax credit for expenses for household and dependent care services may claim the same amount as a nonrefundable credit on his or her Wisconsin income tax return. Under the bill, the Wisconsin credit may not be claimed by a part-year or nonresident of this state.

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:

1 **SECTION 1.** 71.07 (8m) of the statutes is created to read:

2 **71.07 (8m)** ADDITIONAL HOUSEHOLD AND DEPENDENT CARE EXPENSES TAX CREDIT.

3 (a) *Definitions.* In this subsection:

4 1. "Claimant" means an individual who is eligible for and claims the household
5 and dependent care expenses tax credit for the taxable year to which the claim under
6 this subsection relates.

7 2. "Household and dependent care expenses tax credit" means the tax credit
8 under section 21 of the 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 the amount of the household and
12 dependent care expenses tax credit that the taxpayer claimed on his or her federal
13 income tax return for the taxable year to which the claim under this subsection
14 relates.

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

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1 2. No credit may be allowed under this subsection for a taxable year covering
 2 a period of less than 12 months, except for a taxable year closed by reason of the death
 3 of the taxpayer.

4 3. The credit under this subsection may not be claimed by either a part-year
 5 resident or nonresident of this state.

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

8 **SECTION 2.** 71.10 (4) (cs) of the statutes is created to read:

9 71.10 (4) (cs) Additional household and dependent care expenses tax credit
 10 under s. 71.07 (8m).

11 **SECTION 3. Initial applicability.**

12 (1) This act first applies to taxable years beginning on January 1 of the year
 13 in which this subsection takes effect, except that if this subsection takes effect after
 14 July 31 this act first applies to taxable years beginning on January 1 of the year
 15 following the year in which this subsection takes effect.

16 **(END)**

Parisi, Lori

From: Ford-Kelly, Jessica
Sent: Thursday, September 24, 2015 11:27 AM
To: LRB.Legal
Subject: Draft Review: LRB -3303/1

Please Jacket LRB -3303/1 for the SENATE.