

Fiscal Estimate - 2025 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

| | | | |
|---|--|---|--|
| LRB Number 25-1033/1 | | Introduction Number AB-0369 | |
| Description a tax credit for employer-provided child care | | | |
| Fiscal Effect | | | |
| State: | | | |
| <input type="checkbox"/> No State Fiscal Effect | | | |
| <input type="checkbox"/> Indeterminate | | | |
| <input type="checkbox"/> Increase Existing Appropriations | | <input type="checkbox"/> Increase Existing Revenues | |
| <input type="checkbox"/> Decrease Existing Appropriations | | <input checked="" type="checkbox"/> Decrease Existing Revenues | |
| <input type="checkbox"/> Create New Appropriations | | <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget | |
| | | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| | | <input type="checkbox"/> Decrease Costs | |
| Local: | | | |
| <input type="checkbox"/> No Local Government Costs | | | |
| <input type="checkbox"/> Indeterminate | | | |
| 1. <input type="checkbox"/> Increase Costs | | 3. <input type="checkbox"/> Increase Revenue | |
| <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | |
| 2. <input type="checkbox"/> Decrease Costs | | 4. <input type="checkbox"/> Decrease Revenue | |
| <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | | <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | |
| 5. Types of Local Government Units Affected | | | |
| <input type="checkbox"/> Towns | | <input type="checkbox"/> Village | |
| <input type="checkbox"/> Counties | | <input type="checkbox"/> Others <u>0</u> | |
| <input type="checkbox"/> School Districts | | <input type="checkbox"/> WTCS Districts | |
| Fund Sources Affected | | Affected Ch. 20 Appropriations | |
| <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS | | | |
| Agency/Prepared By | | Authorized Signature | |
| DOR/ Zach Petersen (608) 267-2428 | | Cari Redington (608) 266-2943 | |
| | | Date | |
| | | 7/24/2025 | |

Fiscal Estimate Narratives

DOR 7/24/2025

| | | | | | |
|---|-----------|---------------------|---------|---------------|----------|
| LRB Number | 25-1033/1 | Introduction Number | AB-0369 | Estimate Type | Original |
| Description a tax credit for employer-provided child care | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

The bill allows a taxpayer who is eligible to claim the federal employer-provided child care credit to claim a nonrefundable state income and franchise tax credit equal to the amount the taxpayer may claim for the federal employer-provided child care credit. Under current federal law, a person may claim a federal employer-provided child care credit of up to 25 percent of qualified child care expenditures associated with acquiring or constructing a child care facility and 10 percent of qualified child care resource and referral expenditures, up to a maximum credit of \$150,000. Federal law provides that if a child care facility for which a federal employer-provided child care credit is claimed ceases to operate within 10 years, the person who claimed the credit must pay back a specified portion of the credit based on the duration that the taxpayer operated the facility. Under the bill, if a claimant must repay a portion of the federal employer-provided child care credit to the federal government, the claimant must also repay to the Department of Revenue an amount equal to the amount repaid to the federal government.

Fiscal Effect

The IRS's SOI tax statistics for the most current year available, 2021, indicates that 176 claimants claimed \$15 million in employer-provided child care credits. Assigning a share of that total to Wisconsin based off of Wisconsin's share of the economy yields a minimal decrease in revenue.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2025 Session

Detailed Estimate of Annual Fiscal Effect

☒ Original
 ☐ Updated
 ☐ Corrected
 ☐ Supplemental

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|--|--|
| LRB Number 25-1033/1 | Introduction Number AB-0369 |
| Description a tax credit for employer-provided child care | |
| 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 funds from: |
| | Increased Costs Decreased Costs |
| A. State Costs by Category | |
| State Operations - Salaries and Fringes | \$ |
| (FTE Position Changes) | |
| State Operations - Other Costs | |
| Local Assistance | |
| Aids to Individuals or Organizations | |
| TOTAL State Costs by Category | \$ |
| B. State Costs by Source of Funds | |
| 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 | \$ |
| GPR Earned | |
| FED | |
| PRO/PRS | |
| SEG/SEG-S | |
| TOTAL State Revenues | \$ |
| NET ANNUALIZED FISCAL IMPACT | |
| | <u>State</u> <u>Local</u> |
| NET CHANGE IN COSTS | \$ |
| NET CHANGE IN REVENUE | \$ |
| | |
| Agency/Prepared By | Authorized Signature |
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| | Date |
| | 7/24/2025 |