

Fiscal Estimate - 2025 Session

☒ Original
 ☐ Updated
 ☐ Corrected
 ☐ Supplemental

LRB Number 25-2366/1	Introduction Number SB-0291	
Description making certain child care expenditures eligible for the business development tax credit		
Fiscal Effect State: <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations </div> <div style="width: 30%;"> <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues </div> <div style="width: 35%;"> <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Decrease Costs </div> </div> Local: <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <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 </div> <div style="width: 65%;"> 5. Types of Local Government Units Affected <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <input type="checkbox"/> Towns <input type="checkbox"/> Counties <input type="checkbox"/> School Districts </div> <div style="width: 30%;"> <input type="checkbox"/> Village <input type="checkbox"/> Others <input type="checkbox"/> WTCS Districts </div> <div style="width: 35%;"> <input type="checkbox"/> Cities </div> </div> </div> </div>		
<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS </div> <div style="width: 35%;"> Affected Ch. 20 Appropriations </div> </div>		
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Fiscal Estimate Narratives
WEDC 6/17/2025

LRB Number	25-2366/1	Introduction Number	SB-0291	Estimate Type	Original
Description making certain child care expenditures eligible for the business development tax credit					

Assumptions Used in Arriving at Fiscal Estimate

SB-0291/ AB-0283 amends the Business Development Tax Credit (BTC) to expand eligible investments for the employee childcare provisions. Under current law, a 15% refundable tax credit may be claimed for capital investments into establishing childcare programming directly benefiting a claimant's employees. This proposal amends 'capital investment' to "costs incurred to provide childcare services for employees". These 'costs' include:

- 1.) Capital expenditures made to establish a child care program for employees.
- 2.) Expenditures made for the operation of a child care program under subd. 1.
- 3.) Expenditures to reimburse employees for child care expenses.
- 4.) Expenditures to purchase or reserve child care slots on behalf of employees.
- 5.) Contributions made by an employer to an employee's dependent care flexible spending account.
- 6.) Any other cost or expense incurred due to a benefit provided by an employer to facilitate the provision or utilization by employees of child care services.

By broadening the list of eligible costs for the BTC's childcare tax credit, the proposal is expected to increase the number of claimants. Aspects of the proposal are vague enough that estimating the long-term fiscal impact to the state is not possible. Particularly, number 6 on the list of eligible costs is unspecific and lacks clear parameters for preventing fraud and abuse.

In terms of use of WEDC resources, the proposal would add costs to implementing the BTC that are not absorbable by the Corporation's budget, which will divert resources away from WEDC's other programs and activities. The Corporation estimates this cost to be approximately \$917,000 annually with the following breakdown:

- Personnel (7 FTE with \$75,000 salary and \$22,500 fringe): \$682,500
- Travel: \$10,000 -
- Marketing: \$150,000
- Legal Fees: \$15,000
- Equipment & Supplies: \$15,000
- Audit: \$10,000

Numbers 3,5, and 6 on the list of eligible costs would be particularly resource-intensive since the Corporation would need to verify highly detailed reports from claimants in order to issue credits. Consequently, the reporting requirements for claimants would be high and potentially disincentivize many eligible claimants from applying.

The proposal also includes some inconsistencies. Section 10 contains unnecessary language to allow 501(c) (3) nonprofit entities to claim the childcare credits, even though under existing law there is nothing preventing WEDC from certifying these entities under the BTC program. Furthermore, the applicability dates listed in Section 11 and 12 are not consistent and would apply the proposed changes retroactively. Applying these changes retroactively adds to the resource-intensity of implementing this proposal and would likely be impractical for claimants.

Long-Range Fiscal Implications