

State of Misconsin 2023 - 2024 LEGISLATURE

SENATE SUBSTITUTE AMENDMENT 1,

TO SENATE BILL 344

November 7, 2023 – Offered by Senators Roys, Agard, Carpenter, Hesselbein, L. Johnson, Larson, Pfaff, Smith, Spreitzer, Wirch and Taylor.

1 AN ACT to renumber and amend 71.07 (9g) (b); and to create 71.07 (9g) (b) 2.

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of the statutes; **relating to:** expanding the child and dependent care tax credit.

Analysis by the Legislative Reference Bureau

Under current law, an individual who is eligible to claim the federal child and dependent care tax credit may claim a state income tax credit equal to 50 percent of the amount the individual may claim as a federal income tax credit. However, the amount of employment-related expenses that an individual may claim to determine the amount of the federal credit is limited to \$3,000 if the individual has only one qualifying dependent and \$6,000 if the individual has two or more qualifying dependents.

Under this bill, an individual who is eligible to claim the federal credit may claim the state credit equal to the amount of the individual's employment-related expenses, not exceeding \$3,000 for each qualifying child between ages six and 17 and not exceeding \$3,600 for each qualifying child under age six, notwithstanding the employment-related expense limitations under federal law.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 SECTION 1. 71.07 (9g) (b) of the statutes is renumbered 71.07 (9g) (b) 1. and 2 amended to read:

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71.07 (9g) (b) 1. For taxable years beginning after December 31, 2021, and
<u>before January 1, 2024</u>, and 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 equal to 50 percent of the federal child and
dependent care tax credit claimed by the claimant on his or her federal income tax
return for the taxable year to which the claim under this subsection relates.

SECTION 2. 71.07 (9g) (b) 2. of the statutes is created to read:

71.07 (9g) (b) 2. For taxable years beginning after December 31, 2023, 10 11 notwithstanding the limitations under 26 USC 21 (b) (1) and (c), and subject to the 12limitations provided in this subsection, a claimant who is eligible to claim the federal 13child and dependent care tax credit may claim as a credit against the tax imposed 14under s. 71.02, up to the amount of those taxes, an amount equal to the claimant's 15employment-related expenses under 26 USC 21 (b) paid in the taxable year to which 16 the claim under this subsection relates, not exceeding \$3,000 for each qualifying 17child who is at least 6 years of age but less than 18 years of age and not exceeding 18 \$3,600 for each qualifying child under 6 years of age.

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(END)