



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-1315/P2
MES:emw

DOA:.....Quinn, BB0198 - Earned income tax credit for noncustodial parents

FOR 2017-2019 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

This bill creates a refundable individual income tax credit, based on the earned income tax credit, for noncustodial parents. Under the bill, a claimant who meets a number of conditions may claim a credit equal to 7.5 percent of the federal basic EITC for which the claimant would have been eligible if he or she had a qualifying child under the EITC. Because the credit is refundable, if the amount of the credit for which the claimant is eligible exceeds his or her tax liability, the difference will be refunded to the claimant by check.

To be eligible to claim the credit, all of the following must apply for the taxable year to which the claim relates:

1. The claimant did not claim the state EITC, is at least 18 years old, and is a full-year resident of this state.
2. The claimant is the parent of at least one child who did not reside with him or her.
3. The claimant was subject to a court order, for at least one-half of the tax year, requiring him or her to make child support payments, and DOR has verified that the claimant did in fact make such payments.

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:

SECTION 1. 49.22 (2r) of the statutes is amended to read:

49.22 (2r) The department or a county child support agency under s. 59.53 (5) may, to the extent permitted under federal law, disclose information obtained under sub. (2m) to the department of revenue for the purposes of locating persons, or the assets of persons, who have failed to file tax returns, who have underreported their taxable income or who are delinquent taxpayers, identifying fraudulent tax returns, helping the department of revenue verify the payment of court-ordered child support payments as described under s. 71.07 (9e) (aq) 6., or providing information for tax-related prosecutions.

SECTION 2. 71.07 (9e) (aq) of the statutes is created to read:

71.07 (9e) (aq) For taxable years beginning after December 31, 2017, an individual may credit against the tax imposed under s. 71.02 an amount equal to 7.5 percent of the federal basic earned income credit for which the person would have been eligible for the taxable year under section 32 (b) (1) (A) to (C) of the Internal Revenue Code if the individual's noncustodial child met the definition of qualifying child, and if all of the following apply for the taxable year to which the claim relates:

1. The individual did not claim the credit under par. (aj).
2. The individual is a full-year resident of this state.
3. At any point in the taxable year, the individual is at least 18 years old.
4. The individual is the parent of at least one child who did not have the same principal place of abode as the claimant.

5. For at least one-half of the taxable year, a court order was in effect requiring the claimant to make child support payments for the child with regard to whom the claimant is claiming the credit under this paragraph.

6. The claimant has paid in full all amounts of court-ordered child support payments described under subd. 5., and the department of revenue has verified that such payments have in fact been made by the claimant.

(END)