



State of Wisconsin
2023 - 2024 LEGISLATURE

LRB-1022/P1
KP:amn

DOA:.....Quinn, BB0114 - Caregiver tax credit

FOR 2023-2025 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Caregiver tax credit

This bill creates an income tax credit for individuals who pay for items that directly relate to the care or support of a family member who requires assistance with one or more daily living activities and is over the age of 18. The credit equals 50 percent of the expenses, limited to a maximum annual credit per family member of \$500, or \$250 for married spouses filing separately. If more than one individual may claim the credit based on the same family member, the maximum annual credit amount is apportioned among them based on expenses paid. For married couples filing jointly, the credit phases out between federal adjusted gross income of \$150,000 and \$170,000, and no credit may be claimed if federal AGI exceeds \$170,000. For all other taxpayers, the phase out range is between federal AGI of \$75,000 and \$85,000, and no credit may be claimed if federal AGI exceeds \$85,000. Under the bill, expenses that qualify for the credit include amounts spent on improving the claimant's primary residence to assist the family member, purchasing equipment to help the family member with daily living activities, and obtaining other goods or services to help care for the family member. Expenses that do not qualify for the credit include general food, clothing, transportation, and household repair costs, as

well as amounts that are reimbursed by insurance or other means. The credit is nonrefundable, which means it may be claimed only up to the amount of the claimant's tax liability.

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. 71.07 (8p) of the statutes is created to read:

71.07 (8p) FAMILY CAREGIVER TAX CREDIT. (a) *Definitions.* In this subsection:

1. "Claimant" means an individual who files a claim under this subsection for amounts paid for qualified expenses to benefit a qualified family member.

2. "Physician" has the meaning given in s. 36.60 (1) (b).

3. "Qualified expenses" means amounts paid by a claimant in the year to which the claim relates for items that relate directly to the care or support of a qualified family member, including the following:

a. The improvement or alteration of the claimant's primary residence to enable or assist the qualified family member to be mobile, safe, or independent.

b. The purchase or lease of equipment to enable or assist the qualified family member to carry out one or more activities of daily living.

c. The acquisition of goods or services, or support, to assist the claimant in caring for the qualified family member, including employing a home care aide or personal care attendant, adult day care, specialized transportation, legal or financial services, or assistive care technology.

4. "Qualified family member" means an individual to whom all of the following apply:

a. The individual is at least 18 years of age during the taxable year to which the claim relates.

b. The individual requires assistance with one or more daily living activities, as certified in writing by a physician.

c. The individual is the claimant's family member, as defined in s. 46.2805 (6m).

(b) *Filing claims.* For taxable years beginning after December 31, 2022, 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, 50 percent of the claimant's qualified expenses.

(c) *Limitations.* 1. Subject to subds. 2. and 3., the maximum credit that may be claimed under this subsection each taxable year with regard to a particular qualified family member is \$500 or, if a claimant is married and filing a separate return, \$250. If more than one individual may file a claim under this subsection for a particular qualified family member, the maximum credit specified in this subdivision shall be apportioned among all eligible claimants based on the ratio of their qualified expenses to the total amount of all qualified expenses incurred on behalf of that particular qualified family member, as determined by the department.

2. If the claimant is married and filing jointly and the couple's federal adjusted gross income in the taxable year exceeds \$170,000, no credit may be claimed under this subsection. If the claimant is married and filing jointly and the couple's federal adjusted gross income in the taxable year exceeds \$150,000, but does not exceed \$170,000, the credit claimed under this subsection may not exceed the amount determined as follows:

a. Determine the amount allowed under par. (b) without regard to this subdivision but with regard to subd. 1.

b. Subtract \$150,000 from the couple's federal adjusted gross income.

c. Divide the amount determined under subd. 2. b. by \$20,000.

d. Multiple the amount determined under subd. 2. a. by the amount determined under subd. 2. c.

e. Subtract the amount determined under subd. 2. d. from the amount determined under subd. 2. a.

3. If the claimant files as a single individual or head of household, or is married and files separately, and the claimant's federal adjusted gross income in the taxable year exceeds \$85,000, no credit may be claimed under this subsection. If the claimant files as a single individual or head of household, or is married and files separately, and the claimant's federal adjusted gross income in the taxable year exceeds \$75,000, but does not exceed \$85,000, the credit claimed under this subsection may not exceed the amount determined as follows:

a. Determine the amount allowed under par. (b) without regard to this subdivision but with regard to subd. 1.

b. Subtract \$75,000 from the claimant's federal adjusted gross income.

c. Divide the amount determined under subd. 3. b. by \$10,000.

d. Multiple the amount determined under subd. 3. a. by the amount determined under subd. 3. c.

e. Subtract the amount determined under subd. 3. d. from the amount determined under subd. 3. a.

4. No credit may be allowed under this subsection unless it is claimed within the period specified under s. 71.75 (2).

5. No credit may be claimed under this subsection by nonresidents or part-year residents of this state.

6. Qualified expenses may not include any of the following:

a. General food, clothing, or transportation expenses.

b. Ordinary household maintenance or repair expenses that are not directly related or necessary for the care of the qualified family member.

c. Any amount that is paid or reimbursed by insurance or other means.

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

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

SECTION 2. 71.10 (4) (hd) of the statutes is created to read:

71.10 (4) (hd) Family caregiver tax credit under s. 71.07 (8p).

(END)