Legislative Fiscal Bureau

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Child and Dependent Care Tax Credit
(General Fund Taxes -- Income and Franchise Taxes)

[LFB 2019-21 Budget Summary: Page 139, #11]

CURRENT LAW

Expenses related to child and dependent care are deductible from income for state tax purposes. The deduction equals up to $3,000 for one qualified individual and up to $6,000 for more than one qualified individual. The deduction was phased in over a four-year period starting in tax year 2011, and increased each year until reaching the current amounts in 2014. The deduction is based on the expenses claimed for purposes of the federal child and dependent care credit and must be deducted for the same taxable year as the year to which the claim for the federal credit relates.

Federal law provides an individual income tax credit for child and dependent care expenses that are paid for the purpose of enabling a taxpayer to be gainfully employed. The maximum amount of expenses that can be claimed for the federal credit is $3,000 if the claimant has one qualifying child or dependent and $6,000 if the claimant has more than one qualifying child and/or dependent. In addition to the $3,000/$6,000 limit, the amount of eligible expenses cannot exceed the claimant's earned income or the earned income of the claimant's spouse if a married joint filer. The credit is calculated as a percentage of eligible expenses, with the percentage ranging from 35% to 20%, depending on the claimant's federal adjusted gross income (AGI).

Eligible claims for the federal credit must satisfy a number of tests, including a qualifying person test. Under the federal provisions, a qualifying person includes: (a) the claimant's qualifying child, who is the claimant's dependent and who was under the age of 13 when the care was provided; (b) the claimant's spouse who was physically or mentally not able to care for himself or herself and lived with the claimant for more than half the year; and (c) a person who was physically or mentally not able to care for himself or herself, lived with the claimant for more than half the year, and, with certain exceptions, was the claimant's dependent.

The following federal tests must also be met to claim the child and dependent care credit: (a) with an exception related to being a student, the individual claiming the credit (and the individual's spouse, if married) must have earned income during the year; (b) the child and dependent care expenses must be being paid so that the individual claiming the credit (and the individual's spouse, if married) can work or look for work; (c) the payments for the child and dependent care must be made to someone who cannot be claimed as a dependent of the individual claiming the credit or the individual's spouse; (d) in general, the claimant's filing status must be single, head-of-household, qualifying widow(er) with dependent child, or married filing jointly; and (e) the care provider must be identified on the claimant's tax return. In addition, if a claimant excludes or deducts dependent care benefits provided by a dependent care benefit plan, the total amount excluded or deducted under such a plan must be less than the dollar limit for qualifying expenses under the credit.

GOVERNOR

Create a nonrefundable individual income tax credit for household and dependent care expenses, beginning with tax year 2020. Set the credit equal to 50% of the amount of the federal household and dependent care expenses credit, authorized under the Internal Revenue Code (IRC), that is claimed by a taxpayer on his or her federal income tax return for the same tax year. Limit the credit to claims filed within four years of the unextended due date for which the tax return was due. Prohibit claims for a period of less than 12 months, except by reason of the taxpayer's death, and prohibit part-year residents and nonresidents from claiming the credit. Require couples who are married at the end of a tax year to claim the credit as married joint filers for that tax year, except permit married persons living apart and treated as single under the IRC to claim the credit as if a single or head-of-household claimant. Authorize DOR to administer the credit under general statutory provisions related to the income tax. Sunset the current law deduction for household and dependent care expenses beginning in tax year 2020. Decrease individual income tax collections by an estimated $9,900,000 in 2020-21.

DISCUSSION POINTS

1. Federal law has provided a child and dependent care tax credit since 1976, while the state's child and dependent care deduction took effect in 2011. As a matter of tax policy, some experts generally prefer tax credits over deductions to income. Deductions treat taxpayers differently depending on the taxpayer's income and tax bracket. For example, a $2,000 deduction to AGI would provide an $80 tax reduction to a taxpayer whose taxable income falls entirely within the state's 4% tax bracket and a $153 tax reduction to a taxpayer whose last dollar of income is subject to the state's 7.65% marginal tax rate. Based on the same $2,000 expense, a 6% tax credit would result in a $120 tax reduction regardless of the taxpayer's income, thereby providing more uniform treatment to taxpayers. As a policy distinction, some tax experts object to refundable tax credits, but the credit proposed by the Governor would be nonrefundable.

2. Each of the state's largest nonrefundable tax credits is based on a single credit rate -- 12% for the property tax/rent credit, 5% for the itemized deduction credit, and 3% for the married

couple credit. While the proposed credit would be calculated using a single credit rate of 50%, the state credit would be based on the federal child and dependent care credit which uses 16 separate credit rates, which phase down from 35% for claimants whose federal AGI is below $15,000 to 20% for claimants whose federal AGI is over $43,000. Based on $6,000 in eligible expenses, the maximum state credit would equal $1,050 for a claimant with federal AGI of $15,000 or less and $600 for a claimant with federal AGI of more than $43,000. As a result of the sliding scale in the federal credit rate, a lower-income taxpayer with the same eligible child or dependent care expenses as a higher-income taxpayer would receive a larger state credit under the credit structure proposed in the bill.

3. The proposed credit would reduce individual income tax collections by an estimated $28.9 million in tax year 2020. Because the proposal would sunset the current law deduction for child and dependent care expenses, which already reduces taxes by an estimated $19.0 million, the net effect of the proposed credit would be to reduce individual income tax collections by an estimated $9.9 million in tax year 2020.

4. Attachment 1 reports the estimated distribution of taxpayers with a tax decrease under the proposed credit for tax year 2020. An estimated 110,950 taxpayers, or 3.5% of all tax filers, would experience a tax decrease. The average tax reduction would equal $90. Due to the sliding rate scale employed by the federal credit, the highest average tax decrease would result for taxpayers with AGI in the $25,000 to $30,000 range ($148), although taxpayers with AGI over $100,000 would receive a larger average tax reduction ($91) than taxpayers with AGI under $100,000 ($88). This is most likely the result of those claimants having a higher number of eligible children and/or higher average child care costs. Taxpayers with AGI of less than $100,000 represent 49.6% of the taxpayers with a tax reduction, and they would receive 48.6% of the total tax decrease. Taxpayers with AGI over $100,000 would receive 51.4% of the estimated tax decrease and represent 50.4% of the taxpayers with a tax decrease. The small percentage of filers receiving a tax decrease (3.5%) is due to the credit being limited to taxpayers with children who are under 13 years of age and in daycare or taxpayers with a spouse or dependent with certain disabilities.

5. Biennially, this office reviews the income tax provisions in each state with an individual income tax. For tax year 2017, this review reveals that three states, including Wisconsin, offered a deduction for child and dependent care expenses based on the federal definition of eligible expenses. Idaho's deduction was structured similarly to Wisconsin's deduction, while Massachusetts offered a higher limitation on deductible expenses -- up to $4,800 for one child and $9,600 for two or more children.

6. A tax credit for child and dependent care expenses was offered in 21 states in tax year 2017. Generally, these states' credits are calculated either as a percentage of the federal credit or as a percentage of eligible federal expenses, although there is considerable variation in the percentages employed. A number of states employ multiple percentages. In at least four states, the state credit can equal the federal credit below certain income levels, with California employing an income threshold of $100,000. The New York credit uses the same credit percentages as the federal credit, and also employs a multiplier that can exceed 1.0 for lower income claimants, so the state credit can exceed the federal credit. Also, New York authorizes higher limitations on eligible expenses for claimants with three ($7,500), four ($8,500), or five or more ($9,000) eligible dependents.

7. Child and dependent care tax credits are refundable in nine of the 21 states, including Nebraska, where the credit is refundable for claimants with incomes at or below $29,000 and nonrefundable for claimants with incomes above $29,000. Making the proposed credit refundable would increase the cost of the credit by an additional $4.1 million in 2020-21, and the average tax reduction would be about $25 higher than under a nonrefundable credit. Also, there would be almost 11,000 more claimants. Generally, these are filers with no net tax liability under current law.

8. Attachment 2 reports the estimated distribution of taxpayers with a tax decrease under a refundable child and dependent care tax credit for tax year 2020. An estimated 121,693 taxpayers, or 3.8% of all tax filers, would experience a tax decrease. The average tax reduction would equal $115. The combination of a refundable credit and the sliding rate scale employed by the federal credit would result in an average tax decrease of more than $300 for claimants with AGI of less than $15,000. Further, claimants with AGI of less than $100,000 would receive a larger average credit ($134) than claimants with AGI over $100,000 ($93). Claimants with AGI of less than $100,000 represent 54.5% of the claimants with a tax reduction, and they would receive 63.3% of the total tax decrease. Claimants with AGI over $100,000 would receive 36.7% of the estimated tax decrease and represent 45.5% of the claimants with a tax decrease. As under the proposal in the bill, the small percentage of filers receiving a tax decrease (3.8%) is due to the credit being limited to taxpayers with children who are under 13 years of age and in child care or taxpayers with a spouse or dependent with certain disabilities.

9. Among the alternatives presented in this paper, a refundable child and dependent care tax credit is presented as Alternative 2. Because the state budget system records refundable tax credits as state expenditures, rather than a reduction in tax collections, this alternative would be reflected as an increase in GPR expenditures estimated at $33.0 million in 2020-21. Because the proposal would sunset the child and dependent care deduction offered under current law, this alternative would increase tax collections by an estimated $19.0 million in 2020-21 compared to current law. Since it would also replace the proposed nonrefundable tax credit, it would increase individual income taxes by an estimated $28.9 million compared to the bill.

10. Under the two preceding alternatives, the child and dependent care credit would be limited to between 110,950 and 121,693 taxpayers with employment-related child and dependent care expenses. As noted, these claimants would comprise only 3.5% or 3.8% of all tax filers. The proposed credit would not be available to families in which the caregiver refrains from seeking employment in order to provide care for a child or dependent or to families with children who are 13 years of age or older. One way to broaden the scope of the credit would be to extend the credit to all filers with children or dependents.

11. A separate federal tax credit, called the child tax credit, may be claimed by individuals with children under 17 years of age, provided the taxpayer can claim the children as dependents. The credit equals $2,000 per child and phases out for claimants with incomes above $400,000 for married joint filers and $200,000 for other filer types. The credit consists of both nonrefundable and refundable components. A nonrefundable credit of $500 is also provided for each of the claimant's other dependents, such as children 17 years of age or older and other relatives of the taxpayer.

12. There are approximately 1.5 million dependents claimed by Wisconsin taxpayers, which

implies about $3.0 billion in federal child tax credits are claimed by Wisconsin filers. Because converting the child and dependent care deduction to a credit has a fiscal effect of $9.9 million, a state child tax credit at that funding level would equal about 0.3% of the initial federal credit (prior to its division between nonrefundable and refundable) or about $6 per dependent. Taxpayers may regard such a small credit as more of a nuisance to calculate than as a tax benefit. Another reason to not base a state credit on the federal child tax credit is that the federal credit, as described above, was expanded on a temporary basis for tax years 2018 through 2025 by the Tax Cuts and Jobs Act of 2017. The expansion of the credit was tied to the Act's elimination of personal exemptions for the same time period.

13. Under Wisconsin's individual income tax, a $700 personal exemption is provided for each taxpayer and taxpayer's spouse, as well as for each individual claimed as a dependent. An additional $250 exemption is provided for each taxpayer who has reached the age of 65 before the end of the tax year. By eliminating the personal exemption for dependents, estimated at $57.6 million, and combining the tax savings with the $9.9 million related to the proposed tax credit in the bill, a nonrefundable state child tax credit of $50 per dependent could be provided, beginning in tax year 2020 (Alternative 3). Total claims for credits are estimated at $78.6 million, but if the credit would be nonrefundable, only $67.7 million in claims would be used. The personal exemption for filers and their spouses, and the additional personal exemption for persons 65 years of age or older would not be eliminated since that would cause individuals without children to experience a tax increase. Also, a credit of $50 per dependent would not employ an income phaseout, like the federal credit. Incorporating an income phaseout would result in a higher per child credit rate, but would also cause some taxpayers to experience a tax increase. This alternative would retain the current law child and dependent care expense deduction.

14. A credit structured in this way would be claimed by an estimated 757,800 filers, resulting in a reduction in individual income tax collections estimated at $67.7 million in tax year 2020. This overstates the effect of this alternative by not considering the loss of the personal exemption for dependents. Attachment 3 displays the net effect of the alternative by combining the tax effects of claiming the credit with the loss of the personal exemption for dependents. An estimated 716,500 taxpayers, or 22.6% of all tax filers, would experience tax decreases totaling $10.3 million. The average tax reduction would equal $14. Claimants with AGI of less than $100,000 would receive a larger average decrease ($15) than claimants with AGI over $100,000 ($12). Claimants with AGI of less than $100,000 represent 65.5% of the taxpayers with a tax reduction, and they would receive 70.5% of the total tax decrease. Claimants with AGI over $100,000 would receive 29.5% of the estimated tax decrease and represent 34.5% of the taxpayers with a tax decrease.

15. The cost of the credit would be reduced by an estimated $157,000 due to about 26,000 taxpayers who would experience a tax increase, equaling $6 on average. For these taxpayers, the tax reduction resulting from the $700 personal exemption exceeds the tax reduction resulting from a $50 tax credit. These would be taxpayers who are subject to the state's 7.65% marginal tax rate, the top tax bracket, since a tax benefit of $50 represents only 7.14% of a $700 reduction in income. With the offset provided by this tax increase, the net effect of this alternative would be to reduce individual income tax collections by $200,000 more than the creation of the tax credit for child and dependent care expenses and the sunset of the related deduction that is proposed in the bill. Under this alternative

(Alternative 3), the current law child and dependent care expense deduction would be retained.

ALTERNATIVES

1. Approve the Governor's recommendation to create a nonrefundable individual income tax credit for household and dependent care expenses, beginning in tax year 2020. Set the credit equal to 50% of the amount of the federal household and dependent care expenses credit, authorized under the IRC, that is claimed by a taxpayer on his or her federal income tax return for the same tax year. Sunset the current law deduction for household and dependent care expenses beginning in tax year 2020. Decrease individual income tax collections by an estimated $9,900,000 in 2020-21.

ALT 1	**Change to**	
	Base	**Bill**
GPR-Tax	- $9,900,000	$0

2. Modify the Governor's recommendation to create a nonrefundable individual income tax credit for household and dependent care expenses, beginning in tax year 2020, by making the proposed credit refundable. Set the credit equal to 50% of the amount of the federal household and dependent care expenses credit, authorized under the IRC, that is claimed by a taxpayer on his or her federal income tax return for the same tax year. Sunset the current law deduction for household and dependent care expenses beginning in tax year 2020. Estimate the cost of the credit at $33,000,000 GPR in 2020-21. Increase individual income tax collections in 2020-21 by an estimated $19,000,000 compared to current law to reflect the sunset of the current law deduction and by $28,900,000 compared to the bill to reflect the elimination of the proposed nonrefundable credit.

ALT 2	**Change to**	
	Base	**Bill**
GPR-Tax	$19,000,000	$28,900,000
GPR	33,000,000	33,000,000

3. Take no action on the Governor's recommendation. Instead, create a nonrefundable child and dependent tax credit and sunset the $700 personal exemption for dependents under the individual income tax beginning in tax year 2020. Set the credit equal to $50 per qualifying dependent, for each dependent who the claimant supports during the tax year and who may be claimed as a dependent on the claimant's state individual income tax return. Limit the credit to claims filed within four years of the unextended due date for which the tax return was due. Prohibit claims for a period of less than 12 months, except by reason of the taxpayer's death. Require couples who are married at the end of a tax year to claim the credit as married joint filers for that tax year, except permit married persons living apart and treated as single under the IRC to claim the credit as if a single or head-of-household claimant. Require claimants to comply with identification requirements under the IRC for receiving the federal child tax credit. Authorize DOR to administer the credit under general statutory provisions related to the income tax. Decrease individual income tax collections by an estimated $10,100,000

compared to current law and by $200,000, compared to the bill.

ALT 3	Change to Base	Change to Bill
GPR-Tax	- $10,100,000	- $200,000

4. Take no action.

ALT 4	Change to Base	Change to Bill
GPR-Tax	$0	$9,900,000

Prepared by: Rick Olin
Attachments

ATTACHMENT 1

Distribution of Taxpayers Under Proposal to Replace the Child and Dependent Care Deduction with a Nonrefundable Tax Credit, Tax Year 2020

	Taxpayers Receiving a Tax Decrease					Count	% of All
Wisconsin Adjusted Gross Income	Count	Percent of Count	Amount of Tax Decrease	Percent of Decrease	Average Decrease	of All Returns	Returns in AGI Class
Under $5,000	0	0.0%	$0	0.0%	$0	470,540	0.0%
5,000 to 10,000	0	0.0	0	0.0	0	212,390	0.0
10,000 to 15,000	110	0.1	-5,270	0.1	-48	184,210	0.1
15,000 to 20,000	940	0.8	-98,250	1.0	-105	166,810	0.6
20,000 to 25,000	2,940	2.6	-422,074	4.2	-144	167,290	1.8
25,000 to 30,000	3,840	3.5	-569,396	5.7	-148	165,390	2.3
30,000 to 40,000	7,820	7.0	-875,330	8.8	-112	315,400	2.5
40,000 to 50,000	6,280	5.7	-461,570	4.6	-73	260,350	2.4
50,000 to 60,000	5,830	5.3	-383,910	3.9	-66	201,340	2.9
60,000 to 70,000	6,000	5.4	-412,810	4.1	-69	161,740	3.7
70,000 to 80,000	6,570	5.9	-456,750	4.6	-70	126,930	5.2
80,000 to 90,000	7,150	6.4	-535,630	5.4	-75	108,430	6.6
90,000 to 100,000	7,510	6.8	-615,780	6.2	-82	93,510	8.0
100,000 to 125,000	17,800	16.0	-1,586,310	15.9	-89	178,310	10.0
125,000 to 150,000	13,020	11.7	-1,274,700	12.8	-98	113,470	11.5
150,000 to 200,000	13,060	11.8	-1,226,450	12.3	-94	110,470	11.8
200,000 to 250,000	5,520	5.0	-505,420	5.1	-92	47,440	11.6
250,000 to 300,000	2,440	2.2	-226,090	2.3	-93	23,600	10.3
300,000 to 500,000	2,830	2.6	-216,420	2.2	-76	33,310	8.5
500,000 to 1,000,000	1,030	0.9	-67,360	0.7	-65	17,250	6.0
1,000,000 and over	260	0.2	-16,870	0.2	-65	8,430	3.1
Total	110,950	100.0%	-$9,956,390	100.0%	-$90	3,166,610	3.5%

- An estimated 110,950, or 3.5%, of all tax filers in 2020 would receive a tax decrease under the proposal.
- The total tax decrease is estimated at $10.0 million in tax year 2020.
- For all taxpayers with a tax reduction, the average tax decrease in 2020 would be $90.
- Taxpayers with Wisconsin AGI of less than $100,000 represent 49.6% of the taxpayers with a tax reduction, and they would receive 48.6% of the reduction. Their tax decrease would average $88. Taxpayers with Wisconsin AGI of more than $100,000 represent 50.4% of the taxpayers with a tax reduction, and they would receive 51.4% of the reduction. Their tax decrease would average $91.
- Taxfilers without a tax decrease would include those without an eligible dependent, those with no tax liability under current law, and those who are nonresidents or part-year residents.

Based on a simulation of tax year 2020 by the Wisconsin Department of Revenue.

ATTACHMENT 2

Distribution of Taxpayers Under Proposal to Replace the Child and Dependent Care Deduction with a Refundable Tax Credit, Tax Year 2020

Wisconsin Adjusted Gross Income	Taxpayers Receiving a Tax Decrease: Count	Percent of Count	Amount of Tax Decrease	Percent of Decrease	Average Decrease	Count of All Returns	% of All Returns in AGI Class
Under $5,000	1,696	1.4%	-$514,387	3.7%	-$303	470,540	0.4%
5,000 to 10,000	2,181	1.8	-685,831	4.9	-314	212,390	1.0
10,000 to 15,000	3,321	2.7	-1,011,973	7.2	-305	184,210	1.8
15,000 to 20,000	3,659	3.0	-1,093,257	7.8	-299	166,810	2.2
20,000 to 25,000	4,182	3.4	-978,508	7.0	-234	167,290	2.5
25,000 to 30,000	4,314	3.5	-736,927	5.3	-171	165,390	2.6
30,000 to 40,000	8,060	6.6	-966,640	6.9	-120	315,400	2.6
40,000 to 50,000	6,230	5.1	-467,550	3.3	-75	260,350	2.4
50,000 to 60,000	5,770	4.7	-390,340	2.8	-68	201,340	2.9
60,000 to 70,000	5,940	4.9	-417,090	3.0	-70	161,740	3.7
70,000 to 80,000	6,490	5.3	-462,640	3.3	-71	126,930	5.1
80,000 to 90,000	7,080	5.8	-538,880	3.8	-76	108,430	6.5
90,000 to 100,000	7,420	6.1	-619,360	4.4	-83	93,510	7.9
100,000 to 125,000	17,620	14.5	-1,591,620	11.3	-90	178,310	9.9
125,000 to 150,000	12,870	10.6	-1,277,390	9.1	-99	113,470	11.3
150,000 to 200,000	12,900	10.6	-1,230,490	8.8	-95	110,470	11.7
200,000 to 250,000	5,440	4.5	-507,140	3.6	-93	47,440	11.5
250,000 to 300,000	2,410	2.0	-228,100	1.6	-95	23,600	10.2
300,000 to 500,000	2,820	2.3	-225,320	1.6	-80	33,310	8.5
500,000 to 1,000,000	1,020	0.8	-68,210	0.5	-67	17,250	5.9
1,000,000 and over	270	0.2	-17,710	0.1	-66	8,430	3.2
Total	121,693	100.0%	-$14,029,363	100.0%	-$115	3,166,610	3.8%

- An estimated 121,693, or 3.8%, of all tax filers in 2020 would receive a tax decrease under the proposal.
- The total tax decrease is estimated at $14.0 million in tax year 2020.
- For all taxpayers with a tax reduction, the average tax decrease in 2020 would be $115.
- Taxpayers with Wisconsin AGI of less than $100,000 represent 54.5% of the taxpayers with a tax reduction, and they would receive 63.3% of the reduction. Their tax decrease would average $134. Taxpayers with Wisconsin AGI of more than $100,000 represent 45.5% of the taxpayers with a tax reduction, and they would receive 36.7% of the reduction. Their tax decrease would average $93.
- Taxfilers without a tax decrease would include those without an eligible dependent and those who are nonresidents or part-year residents.

Based on a simulation of tax year 2020 by the Wisconsin Department of Revenue.

ATTACHMENT 3

Distribution of Taxpayers Under Proposal to Replace the Personal Exemption for Dependents with a Nonrefundable Child Tax Credit, Tax Year 2020

	Taxpayers Receiving a Tax Decrease					Count	% of All
Wisconsin Adjusted Gross Income	Count	Percent of Count	Amount of Tax Decrease	Percent of Decrease	Average Decrease	of All Returns	Returns in AGI Class
Under $5,000	2,230	0.3%	-$4,460	< 0.1%	-$2	470,550	0.5%
5,000 to 10,000	2,820	0.4	-11,490	0.1	-4	212,390	1.3
10,000 to 15,000	4,560	0.6	-57,750	0.6	-13	184,220	2.5
15,000 to 20,000	15,050	2.1	-385,450	3.7	-26	166,800	9.0
20,000 to 25,000	30,070	4.2	-909,980	8.8	-30	167,290	18.0
25,000 to 30,000	36,810	5.1	-708,270	6.9	-19	165,390	22.3
30,000 to 40,000	78,680	11.0	-1,467,550	14.2	-19	315,400	24.9
40,000 to 50,000	67,470	9.4	-967,470	9.4	-14	260,350	25.9
50,000 to 60,000	55,430	7.7	-664,590	6.5	-12	201,330	27.5
60,000 to 70,000	49,820	7.0	-590,390	5.7	-12	161,740	30.8
70,000 to 80,000	44,780	6.2	-528,840	5.1	-12	126,930	35.3
80,000 to 90,000	42,330	5.9	-500,610	4.9	-12	108,430	39.0
90,000 to 100,000	39,100	5.5	-464,680	4.5	-12	93,510	41.8
100,000 to 125,000	82,920	11.6	-996,400	9.7	-12	178,310	46.5
125,000 to 150,000	59,010	8.2	-720,840	7.0	-12	113,480	52.0
150,000 to 200,000	60,020	8.4	-746,020	7.2	-12	110,470	54.3
200,000 to 250,000	25,880	3.6	-326,010	3.2	-13	47,440	54.6
250,000 to 300,000	12,310	1.7	-157,930	1.5	-13	23,600	52.2
300,000 to 500,000	7,210	1.0	-94,290	0.9	-13	33,320	21.6
500,000 to 1,000,000	--	--	--	--	--	17,250	--
1,000,000 and over	--	--	--	--	--	8,430	--
Total	716,500	100.0%	-$10,303,020	100.0%	-$14	3,166,630	22.6%

- An estimated 716,500, or 22.6%, of all tax filers in 2020 would receive a tax decrease under the proposal.
- The total tax decrease is estimated at $10.3 million in tax year 2020.
- For all taxpayers with a tax reduction, the average tax decrease in 2020 would be $14.
- Taxpayers with Wisconsin AGI of less than $100,000 represent 65.5% of the taxpayers with a tax reduction, and they would receive 70.5% of the reduction. Their tax decrease would average $15. Taxpayers with Wisconsin AGI of more than $100,000 represent 34.5% of the taxpayers with a tax reduction, and they would receive 29.5% of the reduction. Their tax decrease would average $12.
- Taxfilers without a tax decrease would include those without an eligible dependent, those with no tax liability under current law, and those with a tax increase. Although not shown above, about 26,000 taxpayers would experience tax increases totaling an estimated $157,330, or $6 on average.

Based on a simulation of tax year 2020 by the Wisconsin Department of Revenue.