



State of Wisconsin
2019 - 2020 LEGISLATURE

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**SENATE SUBSTITUTE AMENDMENT 1,
TO SENATE BILL 126**

September 17, 2019 - Offered by Senator TESTIN.

- 1 **AN ACT to create** 71.07 (8m) and 71.10 (4) (cs) of the statutes; **relating to:**
2 creating a nonrefundable individual income tax credit for certain expenses
3 incurred by a family caregiver to assist a qualified family member.

Analysis by the Legislative Reference Bureau

This bill creates a nonrefundable individual income tax credit for qualified expenses incurred by a family caregiver (claimant) to assist a qualified family member. To be qualified, a family member must be at least 18 years of age, must require assistance with one or more daily living activities as certified by a physician, and must be the claimant's spouse or related to the claimant by blood, marriage, or adoption within the third degree of kinship. A qualified individual may not be a resident of a nursing home or a recipient of certain public benefits. Subject to a number of limitations, a claimant may claim 50 percent of the costs of qualified expenses the claimant paid for in the year to which the claim relates. These expenses include amounts spent to improve the claimant's primary residence to assist the family member, equipment to help the family member with daily living activities, and obtaining other goods or services to help the claimant care for the family member.

The maximum amount of credit that may be claimed each year for a particular family member is \$500 or \$250 if married spouses file separately. If more than one claimant may file a claim related to that family member, the amount of credit each

may claim is based on the percentage of the family member's qualified expenses for which each claimant paid during the year. No credit may be claimed by a claimant whose Wisconsin adjusted gross income in the year to which the claim relates exceeds \$75,000 if the claimant is single or is married and files separately or \$150,000 if the claimant is married and files jointly. Generally, under the bill, qualified expenses may not include general food, clothing, transportation, or household repair costs, or amounts that are paid or reimbursed by an insurance company or the government. The credit first applies to taxable years beginning after December 31, 2019. No new claims for the credit may be filed for a taxable year that begins after December 31, 2021. Because the credit is nonrefundable, it may be claimed only up to the amount of the claimant's tax liability.

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

1 **SECTION 1.** 71.07 (8m) of the statutes is created to read:

2 71.07 **(8m)** FAMILY CAREGIVER TAX CREDIT. (a) *Definitions.* In this subsection:

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

5 2. "Nursing home" means a facility that meets the definition in s. 50.01 (3) and
6 that is licensed under s. 50.03 (1) and includes a state center for the developmentally
7 disabled and a Wisconsin veterans home operated by the department of veterans
8 affairs under s. 45.50.

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

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

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

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

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

5 5. “Qualified family member” means an individual to whom all of the following
6 apply:

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

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

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

12 d. The individual is not a resident of a nursing home during any part of the
13 taxable year to which the claim relates.

14 e. The individual is not the recipient of benefits from a publicly funded
15 long-term care program, including the family care program under ss. 46.2805 to
16 46.2895, the Family Care Partnership Program, the program of all-inclusive care for
17 the elderly under s. 49.45 (58), or the self-directed services option, as defined in s.
18 46.2899, during any part of the taxable year to which the claim relates.

19 (b) *Filing claims.* For taxable years beginning after December 31, 2019, and
20 subject to the limitations provided in this subsection, a claimant may claim as a
21 credit against the tax imposed under s. 71.02, up to the amount of those taxes, 50
22 percent of the claimant’s qualified expenses.

23 (c) *Limitations.* 1. If the claimant is a single individual, head of household, or
24 married and filing separately, no claim may be filed under this subsection if the

1 claimant's adjusted gross income exceeds \$75,000 in the taxable year to which the
2 claim relates.

3 2. If the claimant is married and filing jointly, no claim may be filed under this
4 subsection if the claimant's adjusted gross income exceeds \$150,000 in the taxable
5 year to which the claim relates.

6 3. The maximum credit that may be claimed under this subsection each taxable
7 year with regard to a particular qualified family member is \$500 or, if a claimant is
8 married and filing a separate return, \$250. If more than one individual may file a
9 claim under this subsection for a particular qualified family member, the maximum
10 credit specified in this subdivision shall be apportioned among all eligible claimants
11 based on the ratio of their qualified expenses to the total amount of all qualified
12 expenses incurred on behalf of that particular qualified family member, as
13 determined by the department.

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

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

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

19 a. General food, clothing, or transportation expenses.

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

22 c. Any amount that is paid or reimbursed under an insurance policy, by the
23 federal government, by this state, or by a political subdivision of this state.

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

4 8. No credit may be allowed under this subsection for any taxable year in which
5 the claimant claims the subtraction under s. 71.05 (6) (b) 43.

6 9. No new claims may be filed under this subsection for a taxable year that
7 begins after December 31, 2021.

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

10 **SECTION 2.** 71.10 (4) (cs) of the statutes is created to read:

11 71.10 (4) (cs) Family caregiver tax credit under s. 71.07 (8m).

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(END)