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State of Misconsin 2023 - 2024 LEGISLATURE

LRB-5676/1 JK:amn&cdc

2023 SENATE BILL 976

January 30, 2024 - Introduced by Senators Quinn, Ballweg, Bradley, Cabral-Guevara, Felzkowski, Feyen, Jagler, Marklein, Nass, Stroebel, Testin and Wanggaard, cosponsored by Representatives Binsfeld, Allen, Armstrong, August, Behnke, Born, Brandtjen, Dittrich, Donovan, Edming, Goeben, Green, Gundrum, Hurd, Katsma, Krug, Kurtz, Macco, Magnafici, Maxey, Melotik, Moses, Murphy, Mursau, Nedweski, O'Connor, Oldenburg, Penterman, Petryk, Plumer, Rettinger, Schraa, Schutt, Snyder, Spiros, Steffen, Tranel, Wichgers, Wittke and Swearingen. Referred to Joint Committee on Finance.

- AN ACT to renumber and amend 71.07 (9g) (b); and to create 71.07 (9g) (b) 2.
- and 71.07 (9g) (c) 5. of the statutes; **relating to:** expanding the child and dependent care 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.

This bill increases the amount of the state credit that an individual may claim by increasing the employment-related expense limitation to \$10,000 for one qualifying dependent and \$20,000 for two or more qualifying dependents.

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

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71.07 **(9g)** (b) 1. For taxable years beginning after December 31, 2021, and before January 1, 2024, 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, 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 100 percent of the federal child and dependent care tax credit that the claimant may claim on his or her federal income tax return for the taxable year to which the claim under this subsection relates using the expense limitation under par. (c) 5. rather than the expense limitation under 26 USC 21 (c).

Section 3. 71.07 (9g) (c) 5. of the statutes is created to read:

71.07 **(9g)** (c) 5. Notwithstanding 26 USC 21 (c), for taxable years beginning after December 31, 2023, the maximum allowable expenses to determine the amount of the credit under par. (b) 2. is \$10,000 for one qualifying individual, as defined in 26 USC 21 (b), and \$20,000 for 2 or more qualifying individuals, as defined in 26 USC 21 (b).

(END)