



DAN FEYEN

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To: The Senate Committee on Universities and Revenue
From: Sen. Dan Feyen
Re: Senate Bill 623

Hello members of the committee, thank you for taking the time to hear testimony on SB 623.

This is another bill that aims to tackle Wisconsin's workforce challenges.

Wisconsin is facing rising costs and reduced capacity in our childcare industry. This is putting an incredible strain on working families, putting parents in the position of choosing between dual incomes or sending kids to daycare. Daycare costs are skyrocketing, in many cases families are paying more per year for daycare than they would to send their kids to college.

This isn't just affecting families' pocketbooks, but our economy as well. With less childcare slots available and many parents being priced out of the market, we are losing much needed participants in our workforce.

One way to help address this is to get our business community involved. Businesses across the state have recognized the strain that childcare has put on its employees and have been searching for ways they can help to reduce costs or increase capacity. SB 623 gives businesses a vital tool to help in this mission.

SB 623 creates an employer childcare program tax credit. The bill allows employers to claim up to \$100,000 for capital expenditures in direct payments to outside providers or for establishing their own, in-house, childcare.

SB 623 also allows businesses to claim a credit of up to \$3,000 per child for payments made to an outside provider or an in-house program. In order to qualify for this credit, the business must pay for at least 50% of the childcare expenses for that child. This will help lift an enormous financial burden off the shoulders of these parents, while helping businesses retain their hard working employees.

This bill will also help businesses recruit talent to our great state. SB 623 will give businesses an additional benefit they can offer, help keep both parents in the workforce, help lower family costs on daycare, and increase childcare capacity throughout the state.

Senate Amendment 2 incorporates various changes that were adopted by the Assembly Ways and Means Committee. These changes include moving the credit from refundable to nonrefundable, requiring that the child care program be located in Wisconsin, and expanding definitions so more child care programs qualify as approved business expenditures.



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Thank you very much for taking the time to hold a public hearing on this bill.

Serving Dodge, Fond du Lac and Winnebago Counties



DAVE ARMSTRONG

STATE REPRESENTATIVE • 75TH ASSEMBLY DISTRICT

Testimony on Senate Bill 623 January 31, 2024

Thank you for the opportunity today to speak on behalf of Senate Bill 623, which creates an employer childcare program tax credit.

Wisconsin is in the middle of a workforce shortage, and part of the problem is the lack of affordable childcare in many communities. Prospective employees won't accept work if there's no one to watch the kids. When I have discussed this issue with Barron County employers in my capacity as county economic development director, I asked if any would be interested in offering in-house childcare or purchasing slots at outside providers. The response was almost unanimous, but the costs can be significant, which is why I introduced SB 623's companion, Assembly Bill 660, to give interested employers an extra incentive.

Under SB 623, a business may claim a tax credit for certain capital expenditures (including mortgages or leases, playground and classroom equipment, and kitchen appliances) for the program, as well as expenses incurred in organizing and administering direct payments to outside providers in the first taxable year. Contributions to a nonprofit 501(c)3 for the purpose of establishing a childcare program for employees' children may also be used for the credit. The maximum credit that could be claimed for these all expenses would be \$100,000.

In addition to the \$100,000 credit, SB 623 creates a maximum \$3,000 *per child* credit for operating expenses, direct payments to outside providers, and administrative costs associated with those direct payments. To ensure that an employer has sufficient skin in the game, the employer's direct payments on behalf of an employee's child must equal or exceed the employee's own payments in order for the employer to claim that portion of the credit.

Senate Amendment 2 makes several technical and substantive changes to the bill. These include clarifying that the credit is nonrefundable, expanding eligible providers for the purposes of the \$100,000 portion to any licensed or certified provider (not just 501(c)3's), and limiting an employee's tax liability for direct payments an employer makes on their behalf. The Assembly Ways and Means Committee approved identical changes spread across three amendments.

While SB 623 is by no means a magic bullet to solve all of Wisconsin's serious childcare access problems, I do believe that it – as well as the childcare language in Senate Bill 585 – will provide employers with an incentive to be more aggressive in doing what they can to allay employees' concerns about their children's wellbeing.

Thank you for your consideration. I am happy to hear your feedback and to answer any questions you may have.



Testimony on Senate Bill 623 before the
Senate COMMITTEE ON Universities and Revenue

January 23, 2024

Wisconsin Economic Development Association

Good morning, Chairman Hutton and members of the committee. My name is Michael Welsh, and I serve as the Legislative Affairs Director for the Wisconsin Economic Development Association (WEDA). Thank you for the opportunity to testify today in favor of Senate Bill 623. This proposal will create a tax credit to incentivize employers to provide childcare benefits for their employees. The bill will help address the lack of access to childcare in Wisconsin, which is an obstacle to strengthening the state's workforce.

I would like to thank Chairman Hutton for holding a public hearing on SB 623, as well as Sen. Feyen and Rep. Armstrong for introducing this bill. WEDA is grateful for their work to increase access to affordable childcare for Wisconsin working families through this exciting public-private partnership initiative.

By way of background, WEDA is a statewide association representing over 400 public and private sector economic development professionals. We are dedicated to advancing economic prosperity in Wisconsin and providing our members with the necessary tools to encourage business expansion, promote private investment, and attract much-needed talent to the state. And over the last several years, childcare has quickly become a top economic development issue for our members.

Employers across Wisconsin are facing unprecedented hiring challenges, as many workers are choosing to remain out of the workforce. While there are numerous reasons for this, one key factor is the lack of access to affordable childcare. While childcare remains an important family issue, it is also a growing business issue. It plays a major role in employment decisions made by families, and as a result has a significant impact on employers and the bottom line of businesses.

In fact, a recent childcare and the workforce analysis compiled by the Wisconsin Economic Development Institute (WEDI) and Baker Tilly reported that 80% of Wisconsin employers believe the economy is impacted by the availability of affordable childcare. In addition, 73% of businesses believe that without greater access to childcare, Wisconsin employers will face workforce shortages now and in the future. The report found another 64% of businesses said it is important for them to support childcare for their employees.

By creating a business childcare tax credit, SB 623 will forge an effective public-private partnership by incentivizing businesses to offer childcare benefits for their employees. With 50% of Wisconsin residents living in childcare deserts – and up to 80% in rural communities – it is critical for policymakers to provide the private sector with the necessary tools to increase access to childcare and help address the workforce shortage.

In closing, SB 623 represents a creative approach to the state's childcare challenges. The tax credit established by the bill will encourage employers to offer childcare benefits for their workers, helping to knock down a key obstacle to employment and strengthening workforce participation and employee productivity, which is essential to growing the economy.

As such, I would request your support for SB 623 and ask that you pass it out of committee as soon as possible.

Thank you for your consideration.

Sarah Kazell's testimony. Sarah resides at 6214 Schroeder Rd, Madison WI. She is an early childhood educator and has been in this field her entire adult life.

As an early childhood educator, I have a duty to advocate for what I know young children need to flourish in their learning and development. I also feel obligated to speak up about how public policy could and should support the families raising those children, and the professionals like me who partner with them to support that complex and incredibly important task. While I am glad that more legislators are waking up to the importance of early childhood and understanding its place as an integral public good, I really wish they would talk with us and use our everyday lived experience to create sound policies that truly benefit everyone with state investment. We absolutely need policy solutions to the child care crisis crippling our economy and undermining the health, wellbeing, and prosperity of the next generation. But we need to ensure that we maximize the efficacy and efficiency of public dollars flowing into early childhood programs by listening to what real parents and educators and child care program owners need. That was done with the child care counts program, which has proved wildly successful in keeping children in care, keeping programs from closing, and keeping teachers from leaving their jobs to find better paying ones. But sadly that process of listening to constituents and responding with tried and true policy solutions was not done with this legislation. I object to this bill because it is not an equitable way to support our state's children or the early childhood field; and will simply not help as many children and families and educators as continuing the child care counts program would. Child care counts benefits any child attending any regulated program that has enrolled in it; and it mandates that the subsidy is put into increasing program quality, increasing staff wages to aid teacher recruitment and retention and offsetting the need to raise tuition on already financially squeezed parents. This bill would limit its impact to parents working at for profit businesses who can afford to pay at least 50% of child care tuition or start a program of their own. Right there, we exclude public employees and nonprofit employees with young children as well as a large percentage of parents working at small businesses who will not be profitable enough to do this. I am afraid of what is about to happen to my beloved profession when child care counts ends entirely. A very predictable series of events will inevitably follow: educators like myself will be forced to find better paying jobs when our child care counts funded bonuses or pay increases disappear. This means children will experience a revolving door of newer and less qualified teachers who will also inevitably want to find an easier job that pays a living wage. Children cannot learn anything without the context of a stable and caring trust-based relationship with knowledgeable and skilled teachers, so their learning and development will suffer from this. Some programs will shut down completely without the counts subsidy currently keeping them afloat, and for others it will be a slower death as they are forced to raise tuition beyond what they know families can pay, and loose enrolment numbers. Where do our legislators suppose young children of working families will end up during the day? Are our legislators who oppose the tried and true subsidy program ready to take responsibility for what happens to the children who are currently in safe educational spaces, when their regulated programs close and their parents are forced to choose between dropping out of the workforce or using unsafe and unregulated care options? Please throw out this bill and sit down with parents, educators, child care program owners, and concerned business leaders in our communities who understand how badly the child care crisis is effecting them. Please listen to what we are telling you we need, and what decades of research on public investment in early childhood here and around the world is pointing to: a robust and sustained subsidy program (like child care counts).

Hello,

My name is Corrine Hendrickson and I own and operate a family child care center in New Glarus and I would like to register opposition to SB623 as it does not increase accessibility, affordability, or quality of child care, and, may in fact, do the opposite for most families. Reading through the letters of support from the Assembly committee, the biggest reason a company would participate was because the tax credit was refundable. Which makes sense since most of the WMC manufacturing members already pay, on average .4%. The manufacturing and ag credit may be claimed on 7.5% of Wisconsin's flat 7.9% corporate income tax rate, yielding an effective rate of 0.4%. Individual manufacturers and farmers may use the credit to lower their top personal income tax rate from 7.65% to 0.15% so it makes sense that they wouldn't already offer payments for child care as an employee benefit. As a reminder all employee benefits are already tax deductible (lowers the amount of taxable income). IF their support was truly about recruiting and retaining highly qualified employees, they would already offer the child care benefit. I did see there was an amendment to change the credit to a 15 year carryover, have those same supporters continued to support this bill with the change?

I also saw several elected representatives submit their support of this bill because other states are currently doing tax credits for employee benefits. However, I saw nothing in the letters about the effectiveness of this credit. How many businesses participated? Was the amount of child care available increased? Did the quality increase? Did the affordability for all parents across the state increase? Also, there is not fiscal estimate since it can't be determined how many businesses would participate. Couldn't an estimate be gleaned by looking at the other states? What is to stop a business from creating a child care, taking the \$100,000 tax benefit, and then repurposing the space after only a couple of years? What is to stop a business from saying they will "pilot" this with their employees for a year and then taking the credits for the next 15 years to zero out their taxes?

Secondly, did any of the co-sponsors get businesses to "sign on" and indicate they would be willing to offer this as a benefit? Did any indicate interest in building child care programs?

Thirdly, did any of the co-sponsors talk to child care programs about their willingness and ability to accept 3rd party payments. There is a provision in the bill for the businesses to receive a tax credit for the extra administrative burden, but there is nothing for the child care program. Why? Is it assumed that this wouldn't require extra time and effort on our business end? We have to create a 3rd party billing system or find one for us. Currently, most of our billing systems do not allow us to do so automatically and have to manually enter those types of payments. We have to create receipts for the business. We have to get the businesses to pay us on time.

Next, there is a provision that child care businesses cannot charge MORE to these businesses offering the benefit. There is nothing saying that a business can't attempt to contract with us for less. Look what happened when companies like Wal-mart started using their leverage and size to force businesses to charge them less money. Quality went down as corners were cut to reduce the cost and maintain profitability. That is likely to happen with our individual child care businesses. It appears there won't be a standard form for businesses to "prove" they paid at least 50% of all fees (tuition, late fees, enrollment, etc) to a child care which means they all may have their own paperwork for us to use for their documentation. There is nothing to stop a business from saying

they won't pay more than \$x for their portion so parents that want to receive the benefit will have to find programs willing to accept that amount.

Finally, this is taxpayer dollars going to pay for "select" children to have access to child care. Non-profits cannot participate. Local, county, state, and federal employees cannot benefit from this (those snow plow drivers, firefighters, police dispatchers, sheriff, jailors, teachers, municipal workers, postal workers, that we all rely on for our daily lives).

I do agree with the statements of employers also should "pay" into child care as they directly benefit. However, that is what the taxes they pay in would be used for if we used state budget dollars to invest in child care. Fair taxation is the answer.

Granted, it isn't a physical check going to the company, but it is reducing the amount of taxes collected by the government to then use to pay for the goods and services we all rely on so it IS, indeed, taxpayer dollars being used to pay for child care. Government policies and funding, at its core, and a Republican value espoused by Abraham Lincoln, **"The legitimate object of government is 'to do for the people what needs to be done, but which they can not, by individual effort, do at all, or do so well, for themselves'."**

This bill is not doing for the people, but for profitable enough businesses that can afford between \$4000-12,000 per child (the 50% amount for children 6weeks-12 years) their employees' children to receive child care so their parent can work.

As a reminder, there are over 4500 child care businesses that provide care and education for over 160,000 children. Child Care Counts allows every parent to benefit and has been proven to increase affordability, accessibility, and quality. For the same \$170,000,000 annual price tag this bill pays for 56,667 children at the \$3000 tax credit and will not have the same affordability, accessibility, or quality impact. .

This bill makes it clear that if you support it, you do indeed support taxpayer dollars being used for child care. You just don't support child care businesses.

Thank you,
Corrine Hendrickson
Corrine's Little Explorers Family Child Care
New Glarus

W.E.C.A.N.

Wisconsin Early Childhood Action Needed

Re: AB660, SB623

This letter is written in opposition of the proposed bil AB660 (Business Tax Credit for Childcare). The proposed tax credit is not a feasible plan for the majority of businesses in Wisconsin. Nor does it allow all parents with children 12 and under to participate. Those employed by nonprofits are ineligible as this does not benefit their employer. Those employed by local, county, state, or federal employers also would not be eligible. We would like to ask the question, "What businesses have pledged one year let alone a few years to participate in this program?" Please reply with those businesses. Many of you receiving this email are business owners yourself, will you pledge your business to participate for the next 3 years? Will you pay 50% of all your employees childcare bills (remember the average cost of infant care is over \$12,000, 4-year olds is over \$10,000, an 8-year old is over \$8,000 (don't forget summer care and before and after school care until they are 12 years old). Additionally, the average family in Wisconsin has 1.7 children. In areas closer to Milwaukee the infant cost is closer to \$16,000 a year. The tax credit is maxed at \$3,000 per child. This is also non refundable, but carries over for 15 years. What is to stop a business from "piloting" for a year and then zeroing out their taxes for up to the next 15? What is to stop a business from creating a child care program, claiming the \$100,000 credit and then repurposing the space while continuing to zero out their state income taxes? Additionally, this program creates substantial administrative work to implement and has the potential to create a hostile workforce between those employees who may be receiving \$20,000 extra from their employer because they have children, as opposed to the worker with no young children. WECAN does not foresee this as creating a healthy work environment among employees and their leadership.

WECAN would like to question those that voted against Child Care Counts yet support this. For the same annual cost (170 million) as Child Care Counts, 56,666 children at \$3000 per child tax credit vs 114,000 compared to Child Care Counts benefit. Those that stated they would not support taxpayer money funding Child Care Counts, we ask, "Where do you think the credit is coming from?"

Furthermore to make matters worse, this tax credit is not data driven or supported with research to succeed. Do you have data from the states who have tried these employer child care tax credits? Who benefitted? What was the average salary of the employee? What was the profit of the business? What were the average number of employees employed by the business, Were

W.E.C.A.N.

Wisconsin Early Childhood Action Needed

they rural? Were they urban? Who was left out? Is it more difficult for other parents to find care? Did this result in increased affordability, accessibility, and quality?

Whereas Child Care Counts is tried and true and by every measure successful at reaching its intended objectives. It increased the number of regulated programs for the first time in years (accessibility), increased Youngstar participation by over 900 programs (to accept subsidy payments), increased quality by increasing the Youngstar Ratings, re-opened closed rooms, stabilized tuition (since the payments were cut in half many counties saw a 10% or more increase in tuition in 2023 to offset that revenue loss. The prior years were 1-2% increases). Also, every child in regulated care, no matter who employed their parents, benefited.

We have heard at hearings that employers should also be part of the solution for increasing child care affordability, accessibility, and quality since they directly benefit from the increased employee recruitment and retention. We agree. They should be paying their fair share of taxes-that then could be allocated to a child care system that works for everyone needing and wanting care for their young child.

Because part of WECAN is accountability, if Bill AB660 is enacted we will be following up with every policymaker's business to verify that their own company is participating in this tax credit program (regardless of its size, as we assume our legislative body would only create an equitable tax credit for ALL businesses, right?). This information will be provided to the media and their constituents because what's good for the goose is good for the gander (hopefully this animal anecdote helps some of you to better comprehend).

Kindly,

WECAN

Corrine Hendrickson and Brooke Legler

And over 1,500 ECE professionals, parents, and businesses owners in Wisconsin that have joined WECAN

Dear Members of the Senate Committee on Revenue & Universities:

We are grateful for the opportunity to provide testimony in support of Senate Bill 623, which provides tax credit opportunities for employer childcare programs.

VARC is a non-profit disability service provider headquartered in Viroqua, Wisconsin. We serve the southwest and southcentral areas of the state including La Crosse, Viroqua, Richland Center, Reedsburg, Baraboo, Mauston, Portage, Sparta, and surrounding communities. Annually, our staff of 195 serve approximately 900 children and adults with disabilities through a variety of employment and day programs.

We have always considered ourselves innovators, responding to community needs as they arise. The childcare crisis has persisted in many of the communities we serve, and when we saw an opportunity to respond to this need, we took it upon ourselves to acquire and re-open a closing childcare center. In partnership with a local healthcare system, funding was provided to VARC, which in turn was used to significantly increase Teacher wages at our licensed inclusive center, which serves 62 children with and without disabilities, ages 6 weeks to 6 years. In return, that business has designated childcare slots that are reserved for its employees. This partnership was developed through well-established relationships, trust, and a lot of risk-taking. The results were immediate. We were fully staffed, with high quality Teachers, and received more applicants than positions we had open. While it has been incredibly helpful in launching a high quality childcare program, the model of business-funded childcare programming has a long road ahead to be found credible enough for others to participate.

The proposed SB 623 would highly incentivize other businesses, both large and small, to invest in local childcare programs and build long-term partnerships that simply make good business sense. In our model, our partner business has already seen improvement in their recruitment and retention of employees through investing in our childcare. These business investments improve the quality of care for children, allow for building improvements to ensure safety of care, and can help ensure Teacher shortages become a thing of the past.

As we consider expanding our childcare operations into other locations and communities, it will be critical for businesses to be motivated to invest in partnerships such as the one we developed in La Crosse. This model can and does work, and SB 623 will help support the establishment of a new system of childcare-business partnerships that can reshape and improve childcare services for kids across Wisconsin.

Thank you for the consideration of this bill.

With gratitude,

Elizabeth Filter, President/CEO



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TO: Members, Senate Committee on Universities & Revenue

FROM: Evan Umpir, Director of Tax, Transportation & Legal Affairs
Rachel Ver Velde, Senior Director of Workforce, Education & Employment Policy

DATE: January 31, 2024

RE: Support for SB 623, relating to creating a tax credit for employer childcare programs

Wisconsin Manufacturers & Commerce (WMC) appreciates the opportunity to testify in support of Assembly Bill 660. WMC thanks Representative Armstrong and Senator Feyen for authoring this legislation that will help employers implement childcare programs.

WMC is the largest general business association in Wisconsin, representing approximately 3,800 member companies of all sizes, and from every sector of the economy. Since 1911, our mission has been to make Wisconsin the most competitive state in the nation to do business. That mission includes making sure Wisconsin has an active and robust workforce.

Unfortunately, employers in Wisconsin have severe worker shortages and an inability to fill key positions. **According to WMC's most recent *Wisconsin Employer Survey*, the biggest challenge facing Wisconsin employers is the workforce shortage, with 72% of employers indicating that they are struggling to hire workers.** Access to affordable childcare is sometimes a barrier for individuals to enter or return to the workforce. Wisconsin's labor participation rate is currently 65.8%. That is higher than the national labor force participation rate which is 62.7%, but it is significantly lower than Wisconsin's peak rate of 74.5%. While there are many factors that contribute to the labor force participation rate, expanding the overall labor pool will help alleviate some of the pressure on employers.

Employers have started to take the lead and work with their employees to provide benefits to help with the cost of childcare. Having an employer tax credit for operating an in-house childcare program or making payments to a childcare provider on behalf of an employee will incentivize additional employers to take this important step. **SB 623 is important because it helps employers of all sizes take advantage of programs to help their employees find childcare.** Due to their size, some smaller employers are not able to open an in-house childcare facility. That is why WMC is happy to see the tax credit apply towards payments to providers as well.

Nineteen states have some form of an employer-provided or paid-for employee childcare credit in addition to the federal employer-provided childcare credit.¹ The credit varies in structure and amount in each state, but the common themes across these states are all included in Wisconsin's credit: establishment, operation, and payment to/on behalf of an employee. SB 623,

¹ Arkansas; Colorado; Connecticut; Georgia; Illinois; Iowa; Kansas; Louisiana; Maryland; Mississippi; Nebraska; New Mexico; New York; Oregon; Rhode Island; South Carolina; Virginia; West Virginia; Kentucky.

like at least eight other states, includes credit for establishing a childcare program; this will **help lessen impact of high start-up costs of a new program and/or constructing a facility**. Ten other states also provide credit for the costs associated with operating a facility; most are percentage based, but South Carolina's credit includes a limitation of \$3,000, similar to SB 623, **making ongoing operations sustainable for employer-operated programs**. Lastly, many of these states allow a credit for the purchase of slots at a third-party provider for employees' children, direct payments to a provider on behalf of an employee, or payments to an employee for childcare expenses, another common element included in SB 623, which **provides employers flexibility to best support their employees and fit the business' situation**. As initially drafted, the credit would be refundable, but would not be if the proposed amendments are adopted. Louisiana's credit is refundable and not make Wisconsin an outlier with a refundable credit. **Refundability will allow businesses to take that credit and reinvest in their childcare operations, purchase of slots or payments for childcare expenses, increase employee wages or other benefits, or other investments to grow their Wisconsin business**. WMC urges the Senate to keep refundability available for employers hoping to provide this option for their employees.

In addition to the 19 states that already have an existing credit (red and blue states alike), an additional seven states, including Wisconsin, have introduced legislation to create a credit to incent employers to provide or otherwise pay for childcare services for employees; among these states are bipartisan efforts in Alabama and Indiana and a Democrat-led effort in Hawaii.² **Bottom line, this tax policy has support and growing popularity across the country and across the political spectrum because it is a win-win for parents and employers and a factor in workforce participation**.

When the worker shortage is as challenging as the current environment, employers need every tool in the toolbox to attract and retain workers. **Seante Bil 623 allows employee childcare programs to be more economically feasible for employers throughout Wisconsin**. WMC urges members of the Senate Committee on Universities & Revenue to support this important piece of legislation.

² Alabama; Indiana; Hawaii; Minnesota; Missouri; Oklahoma; Wisconsin.



MEMO

DATE: January 31, 2024
TO: Senate Committee on Universities and Revenue
FROM: Alex Ignatowski, Director of State Budget and Government Reform
RE: IRG Action Support for SB 623: Creating an Employer Child Care Tax Credit

Chairman Hutton and Committee Members, thank you for allowing me this opportunity to testify in support of Senate Bill 623.

Wisconsin families are facing a child care crisis; parents across the state are unable to find child care, let alone at an affordable price. The reason is simple economics - demand is higher than supply, driving costs higher than what an average family is willing to pay or able to afford. For the almost [300,000 kids](#) in need of child care in Wisconsin, there are only 171,000 slots available. According to [Forward Analytics](#), the average cost of child care in Wisconsin is between 18% and 36% of a median family's income. The problem is clear: child care is hard to find and too expensive for Wisconsin families.

Employers realize that child care has become a major reason for staffing and labor shortages. In response, some employers are now offering on-site child care or contracting with existing child care providers to make sure slots are open for their employees. Spurred by necessity, these employers are now taking advantage of [federal tax credits](#) designed to encourage this employer sponsored benefit. Wisconsin can do more to help these employers that are stepping in to meet the need. By creating a child credit here, we will further incentivize businesses around the state to create, maintain, or expand child care programs for their employees.

Senate Bill 623 would create a tax credit for employers that offer a child care program for their employees. Under legislation, employers that operate a child care facility, administer a child care program, or contract for child care services would be eligible to receive a refundable tax credit up to \$100,000 for the initial implementation of a child care program. Ongoing expenses of an employer sponsored program would then be eligible for a tax credit of \$3,000 per child in the program. Although we believe that keeping the credit refundable as originally introduced would be a more impactful credit, we do believe Senate Bill 623, as it was amended by the Assembly, takes a positive step in creating an incentive structure that will increase access to child care for average working families.

Wisconsin is not alone in these efforts, child care is a topic at the top of the list for many states. In a [2021 report](#) commissioned by Iowa Governor Kim Reynolds, the Child Care Task Force recommended legislation that would create a child care tax credit for employers similar to the [federal 45F child care tax credit](#). The 45F tax credit allows for employers to claim a 25% credit on qualifying expenses and is



capped at \$150,000. The credit is nonrefundable, but claimants are able to carry expenses forward for 20 years.

Earlier this year, Iowa passed bipartisan legislation that mirrored the 45F credit. The vote was [49-0 in the Senate](#) and [86-13 in the House](#). In doing so, they streamlined this credit for employers who are already familiar with 45F. Part of this may be owed to the fact that the 45F tax credit is a bipartisan achievement out of congress. In fact, there is [bipartisan legislation in Congress](#) right now to expand the 45F credit; increasing the credit to 50% and the cap to \$500,000.

Wisconsin cannot afford to do nothing when it comes to child care. If we want parents back in the workforce, then we need to find ways to encourage employers to make child care available and more affordable for working families. Senate Bill 623 does that. I respectfully ask for your support of this important legislation.