



State of Wisconsin
2023 - 2024 LEGISLATURE

LRB-1191/1
JK:cdc

2023 ASSEMBLY BILL 228

April 5, 2023 - Introduced by Representatives STEFFEN, ALLEN, ARMSTRONG, BEHNKE, GUNDRUM, KITCHENS, O'CONNOR and ROZAR, cosponsored by Senators CABRAL-GUEVARA and QUINN. Referred to Committee on Ways and Means.

AUTHORS SUBJECT TO CHANGE

1 **AN ACT to amend** 20.835 (2) (f) (title), 20.835 (2) (ff) (title), 20.835 (2) (kf) (title),
2 49.175 (1) (zh), 71.07 (9e) (title), 71.10 (4) (i), 71.83 (5) (a) 1., 73.03 (48), 73.03
3 (73) (b), 73.03 (73) (c) 2., 73.03 (73) (c) 3. and 73.03 (73) (f) 1. of the statutes;
4 **relating to:** changing the name of the earned income tax credit.

Analysis by the Legislative Reference Bureau

This bill changes the name of the earned income tax credit to the earned income child care tax credit. Under current law, the Wisconsin EITC is equal to a percentage of the federal EITC. The percentage is 4 percent of the federal EITC if the claimant has one qualifying child, 11 percent if the claimant has two qualifying children, and 34 percent if the claimant has three or more qualifying children. The credit is refundable, which means that if the credit exceeds the claimant's tax liability, he or she will receive the difference as a refund check. The EITC on both the state and federal levels is intended to provide financial assistance to low-income families with dependent children.

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:

5 **SECTION 1.** 20.835 (2) (f) (title) of the statutes is amended to read:

ASSEMBLY BILL 228**SECTION 1**

1 20.835 (2) (f) (title) *Earned income child care tax credit.*

2 **SECTION 2.** 20.835 (2) (ff) (title) of the statutes is amended to read:

3 20.835 (2) (ff) (title) *Earned income child care tax credit; periodic payments.*

4 **SECTION 3.** 20.835 (2) (kf) (title) of the statutes is amended to read:

5 20.835 (2) (kf) (title) *Earned income child care tax credit; temporary assistance*
6 *for needy families.*

7 **SECTION 4.** 49.175 (1) (zh) of the statutes is amended to read:

8 49.175 (1) (zh) *Earned income child care tax credit supplement.* For the
9 transfer of moneys from the appropriation account under s. 20.437 (2) (md) to the
10 appropriation account under s. 20.835 (2) (kf) for the earned income child care tax
11 credit, \$63,600,000 in fiscal year 2021-22 and \$66,600,000 in fiscal year 2022-23.

12 **SECTION 5.** 71.07 (9e) (title) of the statutes is amended to read:

13 71.07 (9e) (title) **EARNED INCOME CHILD CARE TAX CREDIT.**

14 **SECTION 6.** 71.10 (4) (i) of the statutes is amended to read:

15 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
16 preservation credit under ss. 71.57 to 71.61, farmland preservation credit, 2010 and
17 beyond under s. 71.613, homestead credit under subch. VIII, jobs tax credit under s.
18 71.07 (3q), business development credit under s. 71.07 (3y), research credit under s.
19 71.07 (4k) (e) 2. a., veterans and surviving spouses property tax credit under s. 71.07
20 (6e), enterprise zone jobs credit under s. 71.07 (3w), electronics and information
21 technology manufacturing zone credit under s. 71.07 (3wm), earned income child
22 care tax credit under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes
23 withheld under subch. X.

24 **SECTION 7.** 71.83 (5) (a) 1. of the statutes is amended to read:

ASSEMBLY BILL 228**SECTION 7**

1 71.83 (5) (a) 1. “Credit” means the earned income child care tax credit under
2 s. 71.07 (9e), the homestead credit under subch. VIII, the farmland preservation
3 credit under subch. IX, or any refundable credit under s. 71.07, 71.28, or 71.47.

4 **SECTION 8.** 73.03 (48) of the statutes is amended to read:

5 73.03 (48) To provide the public with information concerning the availability
6 of the earned income child care tax credit, and the availability of the federal earned
7 income tax credit under section 32 of the internal revenue code, under criteria, and
8 with a description of the methods that the department uses to provide the
9 information, that the department shall promulgate as rules.

10 **SECTION 9.** 73.03 (73) (b) of the statutes is amended to read:

11 73.03 (73) (b) Under the pilot program, the Internal Revenue Service would
12 determine the amount of earned income child care tax credit that could likely be
13 claimed by 100 randomly selected residents of Wisconsin for taxable year 2019 and
14 taxable year 2020, based on criteria selected by the Internal Revenue Service. The
15 department and the Internal Revenue Service shall make every effort to ensure that
16 each individual or married couple selected will be eligible to claim the credit for those
17 taxable years, and that the credit amount for which he or she will likely be eligible
18 will be in excess of \$600 each year. At the beginning of each taxable year, the Internal
19 Revenue Service would forward to the department the total amount of payments
20 those 100 claimants would likely be eligible to claim for that taxable year, specifying
21 the amounts allotted to each claimant. The department shall deposit such amounts
22 in the general fund.

23 **SECTION 10.** 73.03 (73) (c) 2. of the statutes is amended to read:

24 73.03 (73) (c) 2. For the test group, based on the amount of the federal and state
25 earned income tax credit and the state earned income child care tax credit that each

ASSEMBLY BILL 228**SECTION 10**

1 claimant would likely be eligible to receive based on his or her estimated taxable year
2 2019 and 2020 income tax returns, each claimant would receive one-eleventh of his
3 or her likely federal credit amount each month except for the month following the
4 month in which the claimant receives the credit claimed on his or her tax return, from
5 the department, from the general fund, except that the maximum total amount that
6 each claimant could receive under this subdivision, annually, would be two-thirds
7 of his or her likely credit amount. Any excess amount of federal and state credit for
8 which the claimant is eligible could be claimed for that taxable year on his or her
9 federal income tax return, under s. 71.07 (9e), or under the terms of the agreement
10 under par. (a).

11 **SECTION 11.** 73.03 (73) (c) 3. of the statutes is amended to read:

12 73.03 (73) (c) 3. The department shall also establish a 2nd test group of 100
13 claimants who are likely to be eligible to claim the earned income child care tax credit
14 for taxable years 2019 and 2020, who will receive their earned income child care tax
15 credit after filing their individual income tax returns, and compare their financial
16 stability to that of the other test group.

17 **SECTION 12.** 73.03 (73) (f) 1. of the statutes is amended to read:

18 73.03 (73) (f) 1. Subject to subd. 2., for taxable years beginning after December
19 31, 2020, the department shall make the pilot program described under par. (b)
20 permanent and applicable to all eligible claimants of the earned income child care
21 tax credit under s. 71.07 (9e) (aj), based on the specifications described under pars.
22 (b) and (c) 2.

23 (END)