



State of Wisconsin
2025 - 2026 LEGISLATURE

LRB-1033/1

KP:skw

2025 BILL

1 **AN ACT** *to amend* 71.05 (6) (a) 15., 71.21 (4) (a), 71.26 (2) (a) 4., 71.34 (1k) (g)
2 and 71.45 (2) (a) 10.; **to create** 71.07 (8s), 71.10 (4) (cu), 71.28 (8s), 71.30 (3)
3 (cu), 71.47 (8s) and 71.49 (1) (cu) of the statutes; **relating to:** a tax credit for
4 employer-provided child care.

Analysis by the Legislative Reference Bureau

This bill allows a person who is eligible to claim the federal employer-provided child care credit to claim a nonrefundable state income and franchise tax credit equal to the amount the person may claim for the federal employer-provided child care credit. Under current federal law, a person may claim a federal employer-provided child care tax credit of up to 25 percent of qualified child care expenditures associated with acquiring or constructing a child care facility and 10 percent of qualified child care resource and referral expenditures, up to a maximum credit of \$150,000. Federal law provides that if a child care facility for which a federal employer-provided child care credit is claimed ceases to operate within 10 years, the person who claimed the credit must pay back a specified portion of the credit based on the duration that the person operated the facility. Under the bill, if a claimant must repay a portion of the federal employer-provided child care credit to the federal government, the claimant must also repay to the Department of Revenue an amount equal to the amount repaid to the federal government.

BILL**SECTION 1**

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. 71.05 (6) (a) 15. of the statutes is amended to read:

71.05 **(6)** (a) 15. The amount of the credits computed under s. 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3q), (3s), (3t), (3w), (3wm), (3y), (4k), (4n), (5i), (5j), (5k), (5r), (5rm), (6n), (8s), and (10) and not passed through by a partnership, limited liability company, or tax-option corporation that has added that amount to the partnership's, company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

SECTION 2. 71.07 (8s) of the statutes is created to read:

71.07 **(8s)** ADDITIONAL EMPLOYER-PROVIDED CHILD CARE CREDIT. (a)

Definitions. In this subsection:

1. "Claimant" means a person who is eligible for and claims the federal employer-provided child care credit for the taxable year to which the claim under this subsection relates.

2. "Federal employer-provided child care credit" means the tax credit under section 45F of the Internal Revenue Code.

(b) *Filing claims.* For taxable years beginning after December 31, 2024, 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 the amount of the federal employer-provided child care 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.

BILL**SECTION 2**

1 (c) *Limitations.* 1. The credit under this subsection may not be claimed for
2 any amount of the federal employer-provided child care credit claimed for any
3 expenditure paid or incurred for a child care facility located outside this state or for
4 services provided outside this state.

5 2. A claimant who claims a credit under this subsection and whose federal
6 income tax is increased under section 45F (d) of the Internal Revenue Code shall
7 add to the claimant's liability for taxes imposed under s. 71.02, an amount equal to
8 the amount that the claimant's federal income tax is increased under section 45F
9 (d) of the Internal Revenue Code.

10 (d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under
11 s. 71.28 (4), applies to the credit under this subsection.

12 **SECTION 3.** 71.10 (4) (cu) of the statutes is created to read:

13 71.10 (4) (cu) Additional employer-provided child care credit under s. 71.07
14 (8s).

15 **SECTION 4.** 71.21 (4) (a) of the statutes is amended to read:

16 71.21 (4) (a) The amount of the credits computed by a partnership under s.
17 71.07 (2dm), (2dx), (2dy), (3g), (3h), (3n), (3q), (3s), (3t), (3w), (3wm), (3y), (4k), (4n),
18 (5g), (5i), (5j), (5k), (5r), (5rm), (6n), (8s), and (10) and passed through to partners
19 shall be added to the partnership's income.

20 **SECTION 5.** 71.26 (2) (a) 4. of the statutes is amended to read:

21 71.26 (2) (a) 4. Plus the amount of the credit computed under s. 71.28 (1dm),
22 (1dx), (1dy), (3g), (3h), (3n), (3q), (3t), (3w), (3wm), (3y), (5g), (5i), (5j), (5k), (5r),
23 (5rm), (6n), (8s), and (10) and not passed through by a partnership, limited liability
24 company, or tax-option corporation that has added that amount to the

BILL**SECTION 5**

partnership's, limited liability company's, or tax-option corporation's income under s. 71.21 (4) or 71.34 (1k) (g).

SECTION 6. 71.28 (8s) of the statutes is created to read:

71.28 (8s) ADDITIONAL EMPLOYER-PROVIDED CHILD CARE CREDIT. (a)

Definitions. In this subsection:

1. "Claimant" means a person who is eligible for and claims the federal employer-provided child care credit for the taxable year to which the claim under this subsection relates.

2. "Federal employer-provided child care credit" means the tax credit under section 45F of the Internal Revenue Code.

(b) *Filing claims.* For taxable years beginning after December 31, 2024, a claimant may claim as a credit against the tax imposed under s. 71.23, up to the amount of those taxes, an amount equal to the amount of the federal employer-provided child care 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.

(c) *Limitations.* 1. The credit under this subsection may not be claimed for any amount of the federal employer-provided child care credit claimed for any expenditure paid or incurred for a child care facility located outside this state or for services provided outside this state.

2. A claimant who claims a credit under this subsection and whose federal income tax is increased under section 45F (d) of the Internal Revenue Code shall add to the claimant's liability for taxes imposed under s. 71.23, an amount equal to the amount that the claimant's federal income tax is increased under section 45F (d) of the Internal Revenue Code.

BILL**SECTION 6**

1 (d) *Administration*. Subsection (4) (e) to (h), as it applies to the credit under
2 sub. (4), applies to the credit under this subsection.

3 **SECTION 7.** 71.30 (3) (cu) of the statutes is created to read:

4 71.30 (3) (cu) Additional employer-provided child care credit under s. 71.28
5 (8s).

6 **SECTION 8.** 71.34 (1k) (g) of the statutes is amended to read:

7 71.34 (1k) (g) An addition shall be made for credits computed by a tax-option
8 corporation under s. 71.28 (1dm), (1dx), (1dy), (3), (3g), (3h), (3n), (3q), (3t), (3w),
9 (3wm), (3y), (4), (5), (5g), (5i), (5j), (5k), (5r), (5rm), (6n), (8s), and (10) and passed
10 through to shareholders.

11 **SECTION 9.** 71.45 (2) (a) 10. of the statutes is amended to read:

12 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
13 computed under s. 71.47 (1dm) to (1dy), (3g), (3h), (3n), (3q), (3w), (3y), (5g), (5i),
14 (5j), (5k), (5r), (5rm), (6n), (8s), and (10) and not passed through by a partnership,
15 limited liability company, or tax-option corporation that has added that amount to
16 the partnership's, limited liability company's, or tax-option corporation's income
17 under s. 71.21 (4) or 71.34 (1k) (g) and the amount of credit computed under s. 71.47
18 (3), (3t), (4), (4m), and (5).

19 **SECTION 10.** 71.47 (8s) of the statutes is created to read:

20 71.47 (8s) ADDITIONAL EMPLOYER-PROVIDED CHILD CARE CREDIT. (a)

21 *Definitions.* In this subsection:

22 1. "Claimant" means a person who is eligible for and claims the federal
23 employer-provided child care credit for the taxable year to which the claim under
24 this subsection relates.

BILL

SECTION 10

2. “Federal employer-provided child care credit” means the tax credit under section 45F of the Internal Revenue Code.

(b) *Filing claims.* For taxable years beginning after December 31, 2024, a claimant may claim as a credit against the tax imposed under s. 71.43, up to the amount of those taxes, an amount equal to the amount of the federal employer-provided child care 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.

(c) *Limitations.* 1. The credit under this subsection may not be claimed for any amount of the federal employer-provided child care credit claimed for any expenditure paid or incurred for a child care facility located outside this state or for services provided outside this state.

2. A claimant who claims a credit under this subsection and whose federal income tax is increased under section 45F (d) of the Internal Revenue Code shall add to the claimant's liability for taxes imposed under s. 71.43, an amount equal to the amount that the claimant's federal income tax is increased under section 45F (d) of the Internal Revenue Code.

(d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection.

SECTION 11. 71.49 (1) (cu) of the statutes is created to read:

71.49 (1) (cu) Additional employer-provided child care credit under s. 71.47 (8s).

(END)