



Tony Evers

Office of the Governor | State of Wisconsin

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Gov. Evers Signs Bipartisan Bill to Reduce Annual Child Care Costs for Working Families

More than 110,000 Wisconsin taxpayers to see average benefit of \$656 per filer, providing nearly \$73 million in annual tax relief

Governor renews calls for Legislature to pass long-term solution to address Wisconsin's looming child care crisis

WAUKESHA — Gov. Tony Evers today at La Casa de Esperanza in Waukesha signed Assembly Bill (AB) 1023, now 2023 Wisconsin Act 101, which expands the current child and dependent care tax credit from 50 percent to 100 percent of the federal credit, helping reduce the tax burden for families struggling to afford the high cost of child care and care for adult dependents. Act 101, similar to a proposal Gov. Evers recommended in his 2023-25 biennial budget proposal, provides tax relief to over 110,000 Wisconsin taxpayers at an average benefit of over \$656 per filer, totaling nearly \$73 million in annual tax relief.

“The cost of child care is too darn high—making quality child care more affordable across Wisconsin is not just about doing what’s best for our kids, it’s also critical for keeping more folks and parents in our state’s workforce. Signing this bill today will go a long way toward defraying yearly family expenses on child care, giving Wisconsinites some breathing room in their household budgets and making sure our kids have the early support and care they need,” said Gov. Evers.

“While I’m grateful this important effort finally received bipartisan support, I want to be clear: Wisconsin needs urgent, long-term investments to further reduce out-of-pocket child care costs for working families while making sure child care providers can keep their doors open and lights on,” Gov. Evers continued. “Republican legislators remain on the clock to make the meaningful investments necessary to prevent the collapse of our child care industry, which is essential to maintain our current levels of workforce participation. We need a long-term solution to our state’s looming child care crisis—including direct support for providers through Child Care Counts—and I will work with anyone from either side of the aisle who’s ready to work together to get this done.”

2023 Wisconsin Act 101 builds upon the tax relief Gov. Evers has signed into law throughout his time in office. Through the income tax cuts the governor has signed into law to date, Wisconsin taxpayers will see \$1.5 billion in tax relief annually, primarily targeted to the middle class.

2023 Wisconsin Act 101 expands the current state child and dependent care tax credit from 50 percent of the federal credit to 100 percent beginning with tax year 2024. The bill also increases the maximum amount of qualifying expenses—which include child care costs and other expenses related to providing care—that may be claimed for the credit from \$3,000 to \$10,000 for one qualifying dependent and from \$6,000 to \$20,000 for two or more qualifying dependents. These provisions, together, provide a significant boost in tax relief to Wisconsin working families.

Under current state law, a filer can claim a maximum credit of between \$300 and \$525 for one qualifying dependent and between \$600 and \$1,050 for two or more qualifying dependents, depending on the filer's income and amount of qualifying expenses. Under the bill, the maximum credit available to taxpayers will now be between \$2,000 and \$3,500 for one qualifying dependent and between \$4,000 and \$7,000 for two or more qualifying dependents. In practice, this would mean a single head of household filer making \$75,000 per year with \$5,000 in expenses for one kid would see an increase in their credit from \$300 to \$1,000 per year. In another example, married-joint filers making a combined income of \$150,000 per year with \$15,000 in expenses for two kids would see an increase in their credit from \$600 to \$3,000.

This legislation also builds upon Gov. Evers' continued efforts to address Wisconsin's looming child care crisis. The governor has repeatedly called on the Wisconsin State Legislature to pass his comprehensive workforce plan, which would stabilize Wisconsin's child care industry and prevent its collapse, among other issues facing Wisconsin's workforce. Gov. Evers' comprehensive workforce plan, in part, would have provided more than \$365 million for the successful Child Care Counts Program at the Wisconsin Department of Children and Families (DCF), which has helped nearly 4,700 child care providers keep their doors open, ensuring the employment of 22,000 child care professionals and allowing providers to continue to provide high-quality care to more than 113,000 kids.

After months of inaction, legislative Republicans eventually refused to fund the Child Care Counts Program to help keep child care provider doors open and provide direct investments designed to immediately help parents afford child care. In the absence of legislative action and investments, Gov. Evers directed \$170 million in emergency stopgap funding to DCF to continue the Child Care Counts Program at current funding levels through June 2025. More information on Gov. Evers' efforts to address the child care crisis affecting Wisconsin families is available [here](#).

According to a [report](#) from The Century Foundation, it is estimated that, without the necessary investments to stave off the looming fiscal cliff facing the state's child care industry, 2,110 child care programs are projected to close, resulting in the loss of over 4,880 child care jobs, leaving more than 87,000 kids in Wisconsin without child care, resulting in approximately half a billion dollars in economic impacts between parents leaving the workforce and reduced employer productivity. Gov. Evers has called this scenario "catastrophic," having "broad, cascading effects across Wisconsin's economy."

[AB 1023](#), now 2023 Wisconsin Act 101:

- Expands the current law nonrefundable child and dependent care tax credit from 50 percent of the federal credit to 100 percent;
- Increases the maximum qualifying expenses that may be claimed for one qualifying individual from \$3,000 to \$10,000 and for two or more qualifying individuals from \$6,000 to \$20,000; and

- Applies for tax year 2024 and would reduce individual income tax receipts by an estimated \$72.9 million annually.

An online version of this release is available [here](#).

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