

Assembly committee hears arguments on tax credit for businesses that operate child care programs for their workers

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Proponents of a bill to offer a tax credit for businesses that operate child care programs for their employees said the measure would help mitigate the state's workforce shortage.

Co-author Sen. Dan Feyen told the Assembly Ways and Means Committee Wednesday a lack of child care and high costs have forced Wisconsinites out of the workforce.

"This will help lift the enormous financial burden off the shoulders of these parents while helping businesses retain hardworking employees. This bill will also help businesses recruit talent to our great state," the Fond du Lac Republican said.

AB 660 would offer a maximum credit of \$100,000 based on several things, including the capital investment to create the program and expenses to run it. The bill was introduced separately from a package of child care bills that Assembly Republicans introduced this summer.

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Evan Umpir, Wisconsin Manufacturers & Commerce director of tax, transportation & legal affairs, who spoke in support of the bill, said access to affordable child care can be a barrier for people seeking to enter or return to the workforce.

"While there are many factors that contribute to the labor force participation rate, expanding the overall pool of workers will help alleviate some of the pressures on

employers,” Umpir said.

Rep. Rob Brooks asked Umpir if the tax credit could put businesses at an unfair advantage over independent daycares in the long term.

“Are we worried if we go down this track of ... creating so many incentives for employers to do this that we’re going to squeeze out the small daycare operators that don’t get these incentives?” the Saukville Republican said.

He argued “you can’t compete with somebody who’s getting government subsidies.”

Umpir countered not every employer will take advantage of the tax credit and there will still be a need for third-party daycare providers.

Rep. Sue Conley said her local business community was asked about the bill and how it might impact them.

“Nothing negative came back, but they said that ‘This would work well for large businesses, but for my small business, I don’t see it helping, I don’t see this being something that I can take advantage of,’” the Janesville Dem said.

Co-author Rep. David Armstrong, R-Rice Lake, said smaller businesses with around 20 employees where he lives in Barron County told him they may only offer a spot for one child, “but at least I can guarantee my employee a space, a slot in this child care center.”

The committee also heard testimony on a bill to modify which pieces of land qualify for the state’s farmland preservation tax credit.

Under current law, landowners can claim a farmland preservation tax credit for agricultural land that meets certain requirements. AB 480 would prohibit someone from claiming the farmland preservation tax credit for areas of eligible farmland with solar panels if they are not “an integral part of or incidental to” agricultural use.