

Howard Marklein: Session day recap: Middle class tax cut, child care package, Marklein bills and more

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The State Senate was in session on October 17, 2023. We passed another Middle Class Tax Cut, a Child Care package and 62 individual bills including two of my bills related to the Rural Broadband Expansion Grant program and Internal Revenue Code (IRC) updates.

The same day, the Joint Committee on Employment Relations (JCOER) approved most of the state employee compensation plans. I was very proud to vote for the state employee compensation plans because I believe the hard-working people who work in our prisons, state parks and state agencies deserve the pay increase that we approved in the state budget. We worked hard to swiftly move the compensation plan through the process to provide relief and support for our employees.

However, I am extremely disappointed that the compensation plan increases for University of Wisconsin employees was not scheduled for a vote. The local employees on our campuses should not be penalized for policy decisions made by leaders of the university system. The custodians, executive assistants, food service providers and local faculty at UW Platteville have very little to do with the politics of the university system. I will continue to strongly express my support for the raises for university employees and encourage the Co-Chairs of JCOER to schedule this vote as soon as possible.

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Despite my frustrations with the JCOER agenda, our session day was very productive. We continued the Governor's Special Session on Workforce Development by amending his bill with another Middle Class Tax Cut, a Child Care package, occupational licensing reform and welfare reform.

Just to be clear, the legislature did NOT gavel in – and gavel out – of the Governor's call for a Special Session on Workforce Development. We gaveled in and then the bill was referred to committee so that it could be thoroughly reviewed, heard in a public hearing and amended. As a result, the legislature made changes to the Governor's bill to reflect input and ideas gathered throughout the process.

We passed another Middle Class Tax Cut that will return an average of \$600 to taxpayers by reducing the rate in the third bracket from 5.3% to 4.4%. We are focusing our tax relief on the bracket that includes the most taxpayers in the state. The third bracket income ranges are \$36,840 to \$405,550 for married joint filers or \$27,630 to \$304,170 for single filers. You may recall that filers under \$36,840 and \$27,630 received a tax cut from the state budget process. This cut survived the Governor's veto pen.

We also voted to expand the Child and Dependent Care Tax Credit which provides tax relief and supports families who pay for day care services for their children. Throughout the last year, child care providers have told us that they need more government money or they will have to raise their rates. Even though the Governor just discovered \$170 million in a pile of unspent Federal funds and is keeping Child Care Counts going until 2025, it is my hope that child care providers will use these funds for one-time investments and not to artificially prop up their businesses. I do not support government subsidies that temporarily and insincerely “help” a business to fill a gap that should be filled with a business decision such as raising rates. If a business' model relies on temporary and artificial government subsidies, it is unsustainable.

However, I also recognize that families will feel a financial strain if their day care rates are increased. Expanding the Child and Dependent Care Tax Credit provides relief for the families so that child care businesses can increase their rates and make their business model work now and into the future. This is a sustainable solution.

We voted to triple the amount of eligible expenses that may be claimed to \$10,000 for one dependent and \$20,000 for two or more dependents. The current rate is

\$3,000 for one dependent and \$6,000 for two or more. We increased the credit to 100% of the federal credit. We also increased and indexed the private school tuition deduction to inflation. These expansions will greatly impact families with young children and enable child care businesses to increase rates, pay their employees and operate a sustainable business model.

In addition, we voted to expand the Provider Assistance for Licensing (PAL) program for child care providers. This was a recent pilot program that invested \$2.5 million in a couple of targeted communities to help child care providers become fully licensed. When a child care provider is fully licensed, they can take on more children and access Wisconsin Shares, which is the financial assistance program for low-income families to help pay for child care expenses. Unlicensed providers may not accept these funds, creating a gap in many of our communities.

The pilot program was very successful. It created 331 new child care slots. Using this proven track record, we voted to allocate \$15 million to create 2,000 new child care slots! We are also supporting child care centers to seek licensing, which in turn increases their funding opportunities.

Beyond the Special Session bill on Workforce Development, the Senate passed my Rural Broadband Expansion Grant program reform bill and legislation that updates the Wisconsin tax code for parity with the federal Internal Revenue Code. Stay tuned for more information in future columns.

-Marklein, R-Spring Green, is co-chair of the Joint Finance Committee and represents the 17th Senate District.