

PLEASE SUPPORT THE BUSINESS CHILDCARE TAX CREDIT

Incentivize Businesses to Reduce the Childcare Barrier to Employment

PRIORITY STATEMENT:

The Wisconsin Economic Development Association (WEDA) **SUPPORTS** the creation of a childcare tax credit for businesses that provide childcare support for their employees. This innovative tax credit will incentivize employers to provide direct child care benefits for their employees and ultimately help eliminate lack of access to affordable childcare as an obstacle to remaining in or rejoining the workforce.

BACKGROUND:

Employers across the Wisconsin are facing unprecedented hiring challenges, as many workers are choosing to remain out of the workforce. While there are numerous reasons for this, one key factor is the lack of access to affordable childcare. While childcare remains an important family issue, it is also a growing business issue. It plays a major role in employment decisions made by families, and as a result has a significant impact on employers and the bottom line of businesses. In fact, a recent childcare and the workforce analysis compiled by Baker Tilly reported that 80% of Wisconsin employers believe the economy is impacted by the availability of affordable, high-quality childcare. In addition, 73% of businesses believe that without greater access to childcare, Wisconsin employers will face workforce shortages now and in the future. The report found another 64% of businesses said it is important for them to support childcare for their employees.

The creation of a business childcare tax credit will forge an effective public-private partnership by incentivizing businesses to offer childcare benefits for their employees. With 50% of Wisconsin residents living in childcare deserts, and up to 80% in rural communities, it is critical for policymakers to provide the private sector with the necessary tools to increase access to affordable childcare and help address the workforce shortage.

BILL SUMMARY:

This proposal would create a non-refundable income tax credit for businesses that operate a childcare program for their employees' children. The credit is equal to 50% of the following: 1.) The capital costs of establishing an employee childcare program; 2.) The expenses for organizing a childcare program not operated by the employer; and 3.) The amount of contributions made by the employer to a nonprofit to establish a child care program. The maximum total credit that may be claimed in a taxable year based on those expenses is \$100,000. In addition, the proposal creates a tax credit for up to 50% of the following: 1.) The operating expenses of an employer childcare program; and 2.) Employer payments made to a childcare program for the benefit of an employee. The maximum total credit that may be claimed in a taxable year based on those expenses is \$3,000 for each employee participating in the childcare program.

ACTION REQUESTED:

Please support the creation of a business childcare tax credit for employers who provide childcare support for their employees. If passed, the proposal will encourage employers to provide childcare benefits for their workers, knocking down a key obstacle to employment and helping to ensure strong workforce participation and employee productivity, which is essential to growing the economy.