Policy Title: Wisconsin Credit for Caring (The Caregiver Tax Credit) 2019-2020 legislative session bill SB 126/ AB 126

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Brief Description

This bill:

- creates a non-refundable individual income tax credit for qualified expenses incurred by a family caregiver to assist a qualified family member. To be eligible, a family member must be at least 18 years of age, must require assistance with one or more daily living activities as certified by a physician, and must be the claimant's spouse or related to the claimant.
- is subject to a number of limitations, a claimant may claim 50 percent of qualified expenses in the year to which the claim relates. These expenses may include amounts spent to modify the claimant's primary residence to assist the family member, equipment to help the family member with daily living activities, and obtaining other goods or services to help the claimant care for the family member.
- The maximum credit that may be claimed each year for a particular family member is $1,000 or $500 if married spouses file separately. If more than one claimant may file for a credit related to that family member, the amount of credit each may claim is based on the percentage of the family member's qualified expenses each claimant paid during the year. No credit may be claimed by a caregiver whose Wisconsin adjusted gross income exceeds $75,000 if the claimant is single or is married and files separately, or $150,000 if the claimant is married and files jointly.
- Generally under the bill, qualified expenses may not include general food, clothing, transportation or household repair costs, or amounts that are paid or reimbursed by an insurance company or the government.
- Because the credit is non-refundable, it may only be claimed up to the amount of the claimant's tax liability.

Analysis - Anticipated benefits

This credit would give some financial relief to family caregivers who are incurring expenses by keeping their loved ones in the community and out of institutions. The bill's sponsors expressed the hope that in the long run, this credit would reduce the number of people reliant on Medicaid and decrease the need for state-funded programs.

- Potential funding options/cost savings/benefits.
  This is actually a revenue loss to the state in the short term with the hope of bending the Medicaid cost curve in the long run.

- What state agency or other entity would be responsible for implementing the proposal, if it were approved?

  Department of Revenue (DOR)

- Cost estimates:

  The fiscal estimate has been revised several times when previously introduced, but estimates appear to have settled around $125 million annually.