



State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-3821/1
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2015 SENATE BILL 529

January 8, 2016 – Introduced by Senator GUDEX, cosponsored by Representatives OHNSTAD and PETRYK. Referred to Committee on Revenue, Financial Institutions, and Rural Issues.

1 **AN ACT to amend** 71.08 (1) (intro.) and 71.10 (4) (i); and **to create** 20.835 (2) (cb),
2 71.07 (8m) and 227.01 (13) (Ls) of the statutes; **relating to:** creating a
3 refundable income tax credit for certain individuals who are making student
4 loan payments and making an appropriation.

Analysis by the Legislative Reference Bureau

This bill creates a refundable individual income tax credit for student loan payments made by certain graduates of regionally accredited, nonprofit, post-secondary institutions.

Under the bill, an individual who graduates with a degree in a high-demand field, as determined by the Department of Workforce Development, and works full-time in this state may claim a credit. The allowable credit amount is equal to 25 percent of the student loan payments the claimant makes to a lender in the year to which the claim relates. If the claimant owns a home in this state, the claimant may claim a credit amount that is equal to 35 percent of such student loan payments.

A claimant may claim the credit for no more than five years, which need not be consecutive, and the credit is not available to nonresidents or part-year residents of this state. The maximum credit that may be claimed by a claimant is \$2,000 each taxable year. Because the credit is refundable, if the allowable amount of credit exceeds the claimant's tax liability, the difference is refunded to the claimant by check.

SENATE BILL 529

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 20.835 (2) (cb) of the statutes is created to read:

2 20.835 (2) (cb) *Post-secondary school high-demand degree tax credit.* A sum
3 sufficient to pay the claims approved under s. 71.07 (8m).

4 **SECTION 2.** 71.07 (8m) of the statutes is created to read:

5 71.07 (8m) POST-SECONDARY SCHOOL HIGH-DEMAND DEGREE TAX CREDIT. (a)

6 *Definitions.* In this subsection:

7 1. “Claimant” means an individual who claims a a credit under this subsection.

8 2. “Eligible institution” means a regionally accredited, nonprofit,
9 post-secondary educational institution.

10 3. “Full-time work” has the meaning given by the department of workforce
11 development under par. (e).

12 4. “High-demand field” has the meaning given by the department of workforce
13 development under par. (e).

14 5. “Home” means land in this state that a claimant owns and that consists of
15 the claimant’s dwelling and the area surrounding it, not exceeding one acre, that is
16 reasonably necessary for use of the dwelling as a residence, and may consist of a part
17 of a multidwelling or multipurpose building and a part of the land upon which it is
18 built.

19 6. “Lender” means any person to whom a student loan is repayable, including
20 an agency, subdivision, or agent of the federal or state government, with respect to
21 a student loan made under a federal or state student loan program.

SENATE BILL 529

1 7. “Student loan” means a loan made to a claimant, the proceeds of which were
2 used to pay for tuition, fees, books, room and board, and educational supplies that
3 were directly related to the claimant’s attendance at an eligible institution.

4 (b) *Filing claims.* Subject to the limitations and other provisions provided in
5 this subsection, a claimant may claim as a credit against the tax imposed under s.
6 71.02 or 71.08 one of the following amounts in the year to which the claim relates,
7 and if the allowable amount of the claim exceeds the income taxes otherwise due on
8 the claimant’s income, the amount of the claim not used as an offset against those
9 taxes shall be certified by the department of revenue to the department of
10 administration for payment to the claimant by check, share draft, or other draft
11 drawn from the appropriation account under s. 20.835 (2) (cb). The amount which
12 a claimant may claim under this subsection is one of the following:

13 1. If the claimant does not own a home, an amount equal to 25 percent of the
14 student loan payments the claimant makes to a lender in the year to which the claim
15 relates.

16 2. If the claimant owns a home, an amount equal to 35 percent of the student
17 loan payments the claimant makes to a lender in the year to which the claim relates.

18 (c) *Limitations, provisions.* 1. An individual may not claim the credit under
19 this subsection unless the individual engages in full-time work in this state in the
20 year to which the claim relates.

21 2. An individual may not claim the credit under this subsection unless the
22 individual has been awarded a degree in a high-demand field from an eligible
23 institution.

24 3. No credit may be claimed under this subsection by a part-year resident or
25 a nonresident of this state.

SENATE BILL 529

1 4. A claimant may claim the credit under this subsection for no more than 5
2 taxable years, which need not be consecutive.

3 5. With regard to a taxable year for which an individual is eligible to claim the
4 credit under this subsection, a claimant may only claim the credit within the time
5 period specified under s. 71.75 (2).

6 6. No credit may be allowed under this subsection for a taxable year covering
7 a period of less than 12 months, except for a taxable year closed by reason of the death
8 of the taxpayer.

9 7. The maximum credit that a claimant may claim under this subsection in a
10 taxable year is \$2,000.

11 (d) *Administration.* Subsection (9e) (d), to the extent that it applies to the credit
12 under that subsection, applies to the credit under this subsection.

13 (e) *Duties of department of workforce development.* For purposes of this
14 subsection, the department of workforce development shall determine what
15 constitutes a high-demand field in this state and what constitutes full-time work.
16 The department shall publish its determinations on its Internet site.

17 **SECTION 3.** 71.08 (1) (intro.) of the statutes, as affected by 2015 Wisconsin Act
18 55, is amended to read:

19 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
20 couple filing jointly, trust, or estate under s. 71.02, not considering the credits under
21 ss. 71.07 (1), (2dx), (2dy), (3m), (3n), (3p), (3q), (3r), (3rm), (3rn), (3s), (3t), (3w), (3y),
22 (4k), (5b), (5d), (5e), (5f), (5h), (5i), (5j), (5n), (6), (6e), (8m), (8r), (9e), (9m), and (9r),
23 71.28 (1dx), (1dy), (2m), (3), (3n), (3t), (3w), and (3y), 71.47 (1dx), (1dy), (2m), (3), (3n),
24 (3t), (3w), and (3y), 71.57 to 71.61, and 71.613 and subch. VIII and payments to other
25 states under s. 71.07 (7), is less than the tax under this section, there is imposed on

SENATE BILL 529

1 that natural person, married couple filing jointly, trust or estate, instead of the tax
2 under s. 71.02, an alternative minimum tax computed as follows:

3 **SECTION 4.** 71.10 (4) (i) of the statutes, as affected by 2015 Wisconsin Act 55,
4 is amended to read:

5 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
6 preservation credit under ss. 71.57 to 71.61, farmland preservation credit, 2010 and
7 beyond under s. 71.613, homestead credit under subch. VIII, farmland tax relief
8 credit under s. 71.07 (3m), dairy manufacturing facility investment credit under s.
9 71.07 (3p), jobs tax credit under s. 71.07 (3q), meat processing facility investment
10 credit under s. 71.07 (3r), woody biomass harvesting and processing credit under s.
11 71.07 (3rm), food processing plant and food warehouse investment credit under s.
12 71.07 (3rn), business development credit under s. 71.07 (3y), film production services
13 credit under s. 71.07 (5f), film production company investment credit under s. 71.07
14 (5h), veterans and surviving spouses property tax credit under s. 71.07 (6e),
15 enterprise zone jobs credit under s. 71.07 (3w), post-secondary school high-demand
16 degree tax credit under s. 71.07 (8m), beginning farmer and farm asset owner tax
17 credit under s. 71.07 (8r), earned income tax credit under s. 71.07 (9e), estimated tax
18 payments under s. 71.09, and taxes withheld under subch. X.

19 **SECTION 5.** 227.01 (13) (Ls) of the statutes is created to read:

20 227.01 (13) (Ls) Determines what constitutes high-demand fields in this state
21 and full-time work for purposes of s. 71.07 (8m) (e).

22 **SECTION 6. Initial applicability.**

23 (1) This act first applies to taxable years beginning on January 1 of the year
24 in which this subsection takes effect, except that if this subsection takes effect after

SENATE BILL 529

1 July 31, this act first applies to taxable years beginning on January 1 of the year
2 following the year in which this subsection takes effect.

3 (END)