



2013 ASSEMBLY BILL 697

January 31, 2014 - Introduced by Representatives STROEBEL, MARKLEIN, STRACHOTA and KNODL. Referred to Committee on Colleges and Universities.

1 **AN ACT** *to repeal* 39.41 (1m) (a) 2., 39.41 (1m) (a) 3., 39.41 (1m) (a) 4., 39.41 (1m)
2 (a) 6., 39.41 (1m) (h) and 39.41 (1m) (i); *to renumber and amend* 39.41 (1m)
3 (d) and 39.41 (1m) (e); *to amend* 39.41 (1m) (a) 1., 39.41 (1m) (a) 5., 39.41 (1m)
4 (b), 39.41 (1m) (c) 3., 39.41 (1m) (c) 4., 39.41 (1m) (g), 39.41 (1m) (j), 39.41 (2) (a),
5 39.41 (2) (b), 39.41 (2) (c), 39.41 (3) (a) and 39.41 (3) (b); and *to create* 39.41
6 (3m), 71.07 (5p) and 71.10 (4) (cs) of the statutes; **relating to:** the amount of
7 an academic excellence higher education scholarship, the number of those
8 scholarships that may be awarded in an academic year, the eligibility criteria
9 for those scholarships, creating an individual income tax credit for certain
10 academic scholarship recipients, and making an appropriation.

Analysis by the Legislative Reference Bureau

Under current law, the Higher Educational Aids Board (HEAB) administers the Academic Excellence Higher Education Scholarship Program under which HEAB awards scholarships to certain scholars, designated on the basis of grade point average, who enroll, on a full-time basis, in a public or private institution of higher education in this state. Under the program, an academic excellence higher

ASSEMBLY BILL 697

education scholarship recipient is exempt from up to \$2,250 in tuition and fees for each academic year that the recipient is enrolled full time, maintains at least a 3.000 grade point average, and makes satisfactory progress toward an associate or a bachelor's degree or a vocational diploma.

Currently, those scholarships may be awarded: 1) to the senior with the highest grade point average from each high school in this state enrolling at least 80 but fewer than 500 pupils; 2) to the two seniors with the two highest grade point averages from each high school in this state enrolling at least 500 but fewer than 1,000 pupils; 3) to the three seniors with the three highest grade point averages from each high school in this state enrolling at least 1,000 but fewer than 1,500 pupils; 4) to the four seniors with the four highest grade point averages from each high school in this state enrolling at least 1,500 but fewer than 2,000 pupils; 5) to the five seniors with the five highest grade point averages from each high school in this state enrolling at least 2,000 but fewer than 2,500 pupils; and 6) to the six seniors with the six highest grade point averages from each high school in this state enrolling 2,500 or more pupils. In addition, those scholarships may be awarded to the senior with the highest grade point average from the school operated by the Wisconsin Center for the Blind and Visually Impaired (WCBVI) and the school operated by the Wisconsin Educational Services Program for the Deaf and Hard of Hearing (WESPDHH) and not more than ten scholarships statewide may be awarded to seniors with the highest grade point averages from high schools enrolling fewer than 80 pupils.

This bill increases the amount of an academic excellence higher education scholarship for a scholarship recipient attending a public institution of higher education to 50 percent of the tuition and fees at that institution and increases the amount of such a scholarship for a scholarship recipient attending a private institution of higher education to 50 percent of the tuition and fees charged a resident undergraduate student at the University of Wisconsin-Madison (UW-Madison).

The bill also creates a nonrefundable individual income tax credit for a scholarship recipient who graduates from an institution within the University of Wisconsin System, a technical college district school, or a private institution of higher education with a bachelor's degree, an associate degree, or vocational diploma and who resides and works in this state.

The amount for which an individual may claim a credit, which is defined as an "eligible amount," is an amount equal to 50 percent of all tuition and fees charged one full-time student by the institution or school attended by the scholarship recipient for the years in which the scholarship recipient received an academic excellence higher education scholarship or, in the case of a scholarship recipient who attended a private institution of higher education, an amount equal to 50 percent of the tuition and fees charged one full-time resident undergraduate student at UW-Madison for the years in which the scholarship recipient received an academic excellence higher education scholarship.

The credit may be claimed only for the five taxable years following the claimant's graduation, and the claimant may claim only one-fifth of the eligible amount each year. To claim the credit, a claimant must be a full-year resident of this state for the year to which the claim relates, and the majority of the wages earned

ASSEMBLY BILL 697

by the claimant in the year to which the claim relates must have been earned in this state.

Because the credit is nonrefundable, no refund is paid if the amount of credit for which a claimant is eligible exceeds his or her tax liability.

In addition, the bill reduces the number of academic excellence higher education scholarships that may be awarded in an academic year to one scholarship for each high school with an enrollment of at least 300 pupils but less than 1,500 pupils, to two scholarships for each high school with an enrollment of 1,500 or more pupils, and to not more than 70 scholarships statewide for high schools with enrollments of less than 300 pupils. The bill, however, does not affect the scholarships for schools operated by the WCBVI or the WESPDHH.

Finally, the bill requires a pupil to have a grade point average of at least 3.500 and a score of at least 30 on the American college test (commonly referred to as the "ACT test") in order to qualify for an academic excellence higher education scholarship. The bill, however, does not apply those grade point average and ACT test score requirements to a pupil of a school operated by the WCBVI or the WESPDHH.

For further information see the *state and local* 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.** 39.41 (1m) (a) 1. of the statutes is amended to read:
- 2 39.41 (**1m**) (a) 1. For each high school with an enrollment of at least ~~80~~ 300
- 3 pupils but less than ~~500~~ 1,500 pupils, designate the senior with the highest grade
- 4 point average in all subjects, but not less than 3.500 or the equivalent, and with a
- 5 score of at least 30 on the American college test as a scholar. If the senior with the
- 6 highest grade point average in all subjects does not have a score of at least 30 on the
- 7 American college test, the school board or governing body shall designate the senior
- 8 with the next highest grade point average in all subjects, but not less than 3.500 or
- 9 the equivalent, and with a score of at least 30 on the American college test as a
- 10 scholar.
- 11 **SECTION 2.** 39.41 (1m) (a) 2. of the statutes is repealed.
- 12 **SECTION 3.** 39.41 (1m) (a) 3. of the statutes is repealed.

ASSEMBLY BILL 697**SECTION 4**

1 **SECTION 4.** 39.41 (1m) (a) 4. of the statutes is repealed.

2 **SECTION 5.** 39.41 (1m) (a) 5. of the statutes is amended to read:

3 39.41 **(1m)** (a) 5. For each high school with an enrollment of ~~2,000~~ 1,500 or more
4 pupils, designate the ~~5~~ 2 seniors with the ~~5~~ 2 highest grade point averages in all
5 subjects, but not less than 3.500 or the equivalent, and with scores of at least 30 on
6 the American college test as scholars. If any of the seniors with the highest grade
7 point average in all subjects does not have a score of at least 30 on the American
8 college test, the school board or governing body shall designate the senior with the
9 next highest grade point average in all subjects, but not less than 3.500 or the
10 equivalent, and with a score of at least 30 on the American college test as a scholar.

11 **SECTION 6.** 39.41 (1m) (a) 6. of the statutes is repealed.

12 **SECTION 7.** 39.41 (1m) (b) of the statutes is amended to read:

13 39.41 **(1m)** (b) Subject to par. (e), by February 25 of each school year, the school
14 board of each school district operating one or more high schools and the governing
15 body of each private high school and of each tribal high school may, for each high
16 school with an enrollment of less than ~~80~~ 300 pupils, nominate the senior with the
17 highest grade point average in all subjects, but not less than 3.500 or the equivalent,
18 and with a score of not less than 30 on the American college test who may be
19 designated as a scholar by the executive secretary under par. (c) 3. If the senior with
20 the highest grade point average in all subjects does not have a score of at least 30 on
21 the American college test, the school board or governing body shall nominate the
22 senior with the next highest grade point average in all subjects, but not less than
23 3.500 or the equivalent, and with a score of at least 30 on the American college test
24 for designation as a scholar.

25 **SECTION 8.** 39.41 (1m) (c) 3. of the statutes is amended to read:

ASSEMBLY BILL 697

1 39.41 (1m) (c) 3. Designate not more than ~~10~~ 70 seniors nominated under par.
2 (b) as scholars.

3 **SECTION 9.** 39.41 (1m) (c) 4. of the statutes is amended to read:

4 39.41 (1m) (c) 4. For each public, private, or tribal high school with an
5 enrollment of at least ~~80~~ 300 pupils, notify the school board of the school district
6 operating the public high school or the governing body of the private or tribal high
7 school of the number of scholars to be designated under par. (a).

8 **SECTION 10.** 39.41 (1m) (d) of the statutes is renumbered 39.41 (1m) (d) 1. and
9 amended to read:

10 39.41 (1m) (d) 1. By February 25 of each school year, if 2 or more seniors from
11 the same high school of at least ~~80~~ 300 pupils have the same grade point average and,
12 except for the limitation on the number of designated scholars, are otherwise eligible
13 for designation under par. (a), the faculty of the high school shall select the applicable
14 number of seniors for designation under par. (a) as scholars and shall certify, in order
15 of priority, any remaining seniors with the same grade point average and with scores
16 of at least 30 on the American college test as alternates for the scholars or, if there
17 is no remaining senior with the same grade point average and with a score of at least
18 30 on the American college test, any remaining seniors with the next highest grade
19 point average, but not less than ~~3.800~~ 3.500 or the equivalent, and with scores of at
20 least 30 on the American college test as alternates for the scholars.

21 2. If a senior from that high school designated as a scholar under par. (a) does
22 not qualify for a higher education scholarship under sub. (2) (a) or (3) (a), an alternate
23 for the scholar from the scholar's high school with the same grade point average as
24 any senior from that high school designated as a scholar under par. (a) and with a
25 score of at least 30 on the American college test shall be eligible for a higher education

ASSEMBLY BILL 697

1 scholarship as a scholar under sub. (2) (a) or (3) (a) until the scholarship may be
2 awarded by the board. If an alternate with the same grade point average as a scholar
3 under par. (a) and with a score of at least 30 on the American college test does not
4 qualify for a higher education scholarship under sub. (2) (a) or (3) (a), an alternate
5 with the next highest grade point average, but not less than ~~3.800~~ 3.500 or the
6 equivalent, and with a score of at least 30 on the American college test shall be
7 eligible for a higher education scholarship as a scholar under sub. (2) (a) or (3) (a)
8 until the scholarship may be awarded by the board.

9 **SECTION 11.** 39.41 (1m) (e) of the statutes is renumbered 39.41 (1m) (e) 1. and
10 amended to read:

11 39.41 **(1m)** (e) 1. If 2 or more seniors from the same high school of less than 80
12 300 pupils have the same grade point average and, except for the limitation of one
13 nominated senior, are otherwise eligible for nomination under par. (b), the faculty of
14 the high school shall select the senior who may be nominated by the school board of
15 the school district operating the public high school or the governing body of the
16 private or tribal high school for designation under par. ~~(b)~~ (c) 4. as a scholar by the
17 executive secretary.

18 2. If that a senior is designated as a scholar by the executive secretary, ~~but~~
19 under par. (c) 4. does not qualify for a higher education scholarship under sub. (2) (a)
20 or (3) (a), the faculty of the high school shall select, in order of priority, one or more
21 of the remaining seniors with the same grade point average and with a score of at
22 least 30 on the American college test for certification as a scholar or, if there is no
23 remaining senior with the same grade point average and with a score of at least 30
24 on the American college test, one or more of the remaining seniors with the next
25 highest grade point average, but not less than ~~3.800~~ 3.500 or the equivalent, and with

ASSEMBLY BILL 697

1 a score of at least 30 on the American college test for certification as a scholar, and
2 the school board of the school district operating the high school or the governing body
3 of the private or tribal high school shall certify to the board one or more of these
4 seniors as eligible for a higher education scholarship as a scholar under sub. (2) (a)
5 or (3) (a) until the scholarship may be awarded by the board.

6 **SECTION 12.** 39.41 (1m) (g) of the statutes is amended to read:

7 39.41 (1m) (g) Notwithstanding par. (a), if a high school of at least ~~80~~ 300 pupils
8 closes or merges in the 1991-92 school year or in any school year thereafter, the
9 school board of the school district operating the high school or the governing body of
10 the private or tribal high school shall, subject to par. (d), for each of the 2 school years
11 following the closure or merger, designate the same number of scholars from among
12 the pupils enrolled in the high school at the time of closure or merger as the number
13 of scholars designated for that high school in the school year the high school closed
14 or merged. Any seniors designated under this paragraph shall be eligible for an
15 original scholarship under this section.

16 **SECTION 13.** 39.41 (1m) (h) of the statutes is repealed.

17 **SECTION 14.** 39.41 (1m) (i) of the statutes is repealed.

18 **SECTION 15.** 39.41 (1m) (j) of the statutes is amended to read:

19 39.41 (1m) (j) ~~In the event that~~ If 2 or more seniors from the same high school
20 of at least ~~80~~ 300 pupils have the same grade point average and are otherwise eligible
21 for designation under par. (a), the school board of the school district operating the
22 high school or the governing body of the private or tribal high school shall make the
23 designation of the faculty of the high school for purposes of par. (d) ~~or (i)~~.

24 **SECTION 16.** 39.41 (2) (a) of the statutes is amended to read:

ASSEMBLY BILL 697

1 39.41 (2) (a) If a designated scholar under sub. (1m) is admitted to and enrolls,
2 on a full-time basis, by September 30 of the academic year immediately following the
3 school year in which the senior was designated a scholar, in an institution within the
4 University of Wisconsin System or in a technical college district school that is
5 participating in the program under this section, the scholar shall receive a higher
6 education scholarship that exempts the scholar from 50 percent of all tuition and
7 fees, including segregated fees, at the institution or district school for one year,
8 ~~except that the maximum scholarship for a scholar who receives an original~~
9 ~~scholarship for the 1996-97 academic year or for any academic year thereafter may~~
10 ~~not exceed \$2,250 per academic year.~~

11 **SECTION 17.** 39.41 (2) (b) of the statutes is amended to read:

12 39.41 (2) (b) For each year that a scholar who receives a scholarship under par.
13 (a) is enrolled full time, maintains at least a 3.000 grade point average, or the
14 equivalent as determined by the institution or district school, and makes satisfactory
15 progress toward an associate degree, a bachelor's degree, or a vocational diploma, the
16 ~~student~~ scholar shall be exempt from 50 percent of all tuition and fees, including
17 segregated fees, in the subsequent year or, if the scholar does not enroll in a
18 participating institution of higher education in the subsequent year, in the 2nd year
19 following the year in which the scholar received the scholarship, ~~except that the~~
20 ~~maximum scholarship for a scholar who receives an original scholarship for the~~
21 ~~1996-97 academic year or for any academic year thereafter may not exceed \$2,250~~
22 ~~per academic year.~~ No scholar is eligible for an exemption for more than 4 years in
23 the University of Wisconsin System or more than 3 years at a district school.

24 **SECTION 18.** 39.41 (2) (c) of the statutes is amended to read:

ASSEMBLY BILL 697

1 39.41 (2) (c) Subject to sub. (4), for each year ~~the student~~ that a scholar is
2 exempt from tuition and fees under par. (a) or (b), the board shall pay the institution
3 or district school, on behalf of the ~~student~~ scholar, an amount equal to ~~50%~~ 25 percent
4 of the ~~student's~~ scholar's tuition and fees, ~~except that the maximum payment for a~~
5 ~~student who receives an original scholarship for the 1996-97 academic year or for~~
6 ~~any academic year thereafter may not exceed \$1,125 per academic year.~~

7 **SECTION 19.** 39.41 (3) (a) of the statutes is amended to read:

8 39.41 (3) (a) If a designated scholar under sub. (1m) is admitted to and enrolls,
9 on a full-time basis, by September 30 of the academic year immediately following the
10 school year in which the senior was designated a scholar, in a private institution of
11 higher education that is located in this state and participating in the program under
12 this section, the board shall pay the institution, on behalf of the ~~pupil~~ scholar, an
13 amount equal to ~~50%~~ 25 percent of the tuition and fees charged a resident
14 undergraduate at the University of Wisconsin-Madison in the same academic year,
15 ~~except that the maximum payment for a pupil who receives an original scholarship~~
16 ~~for the 1996-97 academic year or for any academic year thereafter may not exceed~~
17 ~~\$1,125 per academic year.~~

18 **SECTION 20.** 39.41 (3) (b) of the statutes is amended to read:

19 39.41 (3) (b) For each year that a scholar who receives a scholarship under par.
20 (a) is enrolled full time, maintains at least a 3.000 grade point average, or the
21 equivalent as determined by the private institution, and makes satisfactory progress
22 toward a bachelor's degree, the ~~student~~ scholar is eligible for a higher education
23 scholarship as determined under par. (a) in the subsequent year or, if the scholar does
24 not enroll in a participating institution of higher education in the subsequent year,
25 in the 2nd year following the year in which the scholar received the scholarship. No

ASSEMBLY BILL 697

1 scholar is eligible for a higher education scholarship for more than 4 years at a
2 private institution of higher education.

3 **SECTION 21.** 39.41 (3m) of the statutes is created to read:

4 39.41 (3m) (a) In addition to receiving a scholarship under sub. (2), if the
5 scholar graduates from an institution within the University of Wisconsin System or
6 a technical college district school with a bachelor's degree, an associate degree, or
7 vocational diploma, the scholar may claim the credit under s. 71.07 (5p).

8 (b) In addition to receiving a scholarship under sub. (3), if the scholar graduates
9 from a private institution of higher education located in this state with a bachelor's
10 degree, an associate degree, or vocational diploma, the scholar may claim the credit
11 under s. 71.07 (5p).

12 **SECTION 22.** 71.07 (5p) of the statutes is created to read:

13 71.07 (5p) ACADEMIC SCHOLARSHIP TAX CREDIT. (a) *Definitions.* In this
14 subsection:

15 1. "Claimant" means an individual who files a claim under this subsection, who
16 has received a scholarship under s. 39.41 (2) or (3), and who has graduated from the
17 institution or school with regard to which he or she received the scholarship, as
18 described in s. 39.41 (3m) (a) or (b).

19 2. "Eligible amount" means 50 percent of all tuition and fees, including
20 segregated fees, that would have been charged to a single full-time student by the
21 institution or school attended by an individual who received a higher education
22 scholarship under s. 39.41 (2) for the years in which the individual received the
23 scholarship under that subsection, or 50 percent of all tuition and fees charged a
24 single full-time resident undergraduate at the University of Wisconsin-Madison for
25 the years in which an individual who received a scholarship under s. 39.41 (3)

ASSEMBLY BILL 697

1 attended a private institution of higher education located in this state for the years
2 in which the individual received the scholarship under that subsection.

3 (b) *Filing claims.* Subject to the conditions and limitations provided in this
4 subsection, a claimant may claim as a credit against the tax imposed under s. 71.02,
5 up to the amount of those taxes, one-fifth of an eligible amount in the taxable year
6 which immediately follows the year in which the individual graduates, as described
7 in s. 39.41 (3m) (a) or (b), and an additional one-fifth of an eligible amount in each
8 of the next 4 successive taxable years.

9 (c) *Conditions and limitations.* 1. No individual may file a claim under this
10 subsection unless he or she submits to the department with his or her tax return, on
11 a form prepared by the department, information regarding the calculation of that
12 individual's eligible amount.

13 2. No individual may file a claim under this subsection unless he or she was a
14 full-year resident of this state in the year to which the claim relates, and the majority
15 of the wages he or she earned during the year to which the claim relates were earned
16 in this state.

17 3. No credit may be allowed under this subsection unless it is claimed within
18 the period specified under s. 71.75 (2).

19 4. No individual may file a claim under this subsection for any taxable year
20 other than the taxable year that begins immediately after the taxable year in which
21 the claimant graduates from the institution or school with regard to which he or she
22 received the scholarship, as described in s. 39.41 (3m) (a) or (b), and the next 4
23 successive taxable years.

24 (d) *Administration.* Subsection (5m) (d), as it applies to the credit under that
25 subsection, applies to the credit under this subsection.

