

2013 DRAFTING REQUEST

Bill

Received: 6/20/2013 Received By: mshovers
Wanted: As time permits Same as LRB:
For: Peter Barca (608) 266-5504 By/Representing: Matt
May Contact: Drafter: mshovers
Subject: Tax, Individual - income credit Addl. Drafters:
Extra Copies:

Submit via email: YES
Requester's email: Rep.Barca@legis.wisconsin.gov
Carbon copy (CC) to:

Pre Topic:

No specific pre topic given

Topic:

Require DOR to create an income tax credit program to reduce interest on student loans.

Instructions:

See attached. Based on b0429/1. Require DOR to create an income tax credit program to reduce interest on student loans. Fund with \$30 million per biennium. DOR creates a procedure to allocate the credit among students who owe interest on student loans

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mshovers 6/20/2013	scalvin 6/24/2013	jmurphy 6/25/2013	_____			
/1				_____	rose 6/25/2013	lparisi 7/29/2013	State

FE Sent For:

@
Intro .

<END>

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/?	mshovers	11 sac 06/24/2013					
11 MES 6/20/13			Jm 6/24		Jm SR 425		

FE Sent For:

<END>



[Handwritten signature]
[Handwritten initials MNR]

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

D-note

[Handwritten initials]

1 AN ACT ...; relating to creating a nonrefundable individual income tax credit for
2 interest paid on certain student loans; *move, check markers*

Analysis by the Legislative Reference Bureau

This bill creates a nonrefundable individual income tax credit for interest payments paid by a claimant on a loan that is used for the claimant's educational expenses. Under the bill, the credit may be claimed for any amount of interest paid by the claimant on a loan, the proceeds of which are used to pay for tuition, fees, books, room and board, and educational supplies that are directly related to the claimant's attendance at a regionally accredited, nonprofit, postsecondary educational institution.

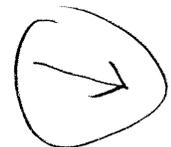
The maximum amount of credits that may be claimed each year is \$15,000,000. The bill requires the department of revenue to create a procedure to ensure that this limit is not exceeded.

Because the credit is nonrefundable, it may be claimed only up to the amount of a claimant's income tax liability. The credit may not be claimed by nonresidents or part-year residents of this state.

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:

[Handwritten signature]
(END)





**ASSEMBLY AMENDMENT ,
TO ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO ASSEMBLY BILL 40**

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 740, line 9: after that line insert:

3 ~~SECTION 13.47j.~~ SECTION 71.07 (5u) of the statutes is created to read:

4 71.07 (5u) STUDENT INTEREST TAX CREDIT. (a) *Definitions.* In this subsection:

5 1. "Claimant" means an individual who files a claim under this subsection.

6 2. "Educational interest expenses" means any amount of interest paid on a
7 loan, the proceeds of which are used to pay for tuition, fees, books, room and board,
8 and educational supplies that are directly related to the claimant's attendance at an
9 eligible educational institution, as defined in s. 18.81 (2).

10 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
11 claimant may claim as a credit against the tax imposed under s. 71.02, up to the

1 amount of those taxes, the amount that the claimant pays for educational interest
2 expenses in the year to which the claim relates.

3 (c) *Limitations.* 1. No credit may be allowed under this subsection unless it
4 is claimed within the time period under s. 71.75 (2).

5 2. No credit may be claimed under this subsection by a part-year resident or
6 a nonresident of this state.

7 3. The maximum amount of the credits that may be claimed under this section
8 in any fiscal year is \$15,000,000. The department shall create a procedure to ensure
9 that the limit specified in this subdivision is not exceeded.

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

12 **2.** Page 744, line 19: after that line insert:

13 SECTION 13.18gm. 71.10 (4) (cg) of the statutes is created to read:

14 71.10 (4) (cg) The educational interest expenses tax credit under s. 71.07 (5u).

15 **3.** Page 1375, line 12: after that line insert:

16 (7c) STUDENT INTEREST TAX CREDIT. ⁽¹⁾ The treatment of sections 71.07 (5u) and

17 71.10 (4) (cg) of the statutes first applies to taxable years beginning on January 1 of

18 the year in which this subsection takes effect, except that if this subsection takes

19 effect after July 31 ^{this act} the treatment of sections 71.07 (5u) and 71.10 (4) (cg) of the

20 statutes first applies to taxable years beginning on January 1 of the year following

21 the year in which this subsection takes effect.

22 (END)

(B)
INITIAL APPLICABILITY.

action:
NS:map

O-note

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-2557/?dn

MES:j:...

to
Sac

-date-

Representative Barca:

This bill is based on budget amendment b0429/1. Under the bill, the department of revenue is required to create a procedure to ensure that the maximum amount of credits that may be claimed each year does not exceed \$15,000,000.

It is possible that, should this bill be enacted, someone could challenge this provision as a improper delegation of legislative authority to DOR as there are no standards to guide the department in figuring out how to ensure that this limit is not exceeded. See *State ex. rel. Wisconsin Inspection Bureau v. Whitman*, 196 Wis. 472, 505-506 (1928) and *Watchmaking Examining Board v. Husar*, 49 Wis. 2d 526, 536 (1971).

Please let me know if you have any questions about this bill.

Marc E. Shovers
Managing Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.wisconsin.gov

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2557/1dn

MES:sac:jm

June 25, 2013

Representative Barca:

This bill is based on budget amendment b0429/1. Under the bill, the department of revenue is required to create a procedure to ensure that the maximum amount of credits that may be claimed each year does not exceed \$15,000,000.

It is possible that, should this bill be enacted, someone could challenge this provision as a improper delegation of legislative authority to DOR as there are no standards to guide the department in figuring out how to ensure that this limit is not exceeded. See *State ex. rel. Wisconsin Inspection Bureau v. Whitman*, 196 Wis. 472, 505-506 (1928) and *Watchmaking Examining Board v. Husar*, 49 Wis. 2d 526, 536 (1971).

Please let me know if you have any questions about this bill.

Marc E. Shovers
Managing Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.wisconsin.gov

Parisi, Lori

From: Egerer, Matt
Sent: Monday, July 29, 2013 12:24 PM
To: LRB.Legal
Subject: Draft Review: LRB -2557/1 Topic: Require DOR to create an income tax credit program to reduce interest on student loans.

Please Jacket LRB -2557/1 for the ASSEMBLY.