



2007 ASSEMBLY BILL 714

January 22, 2008 - Introduced by Representatives HIXSON, SMITH, BOYLE, STASKUNAS, GRIGSBY, SEIDEL, SHILLING, POPE-ROBERTS, BERCEAU, SINICKI, A. WILLIAMS, ALBERS, SHERIDAN and HILGENBERG, cosponsored by Senators LEHMAN, PLALE, SCHULTZ, TAYLOR, OLSEN and LEIBHAM. Referred to Committee on Ways and Means.

1 **AN ACT** *to create* 71.07 (8r) and 71.10 (4) (cg) of the statutes; **relating to:**
2 creating a nonrefundable individual income tax credit for interest paid on
3 certain student loans.

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.

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:

4 **SECTION 1.** 71.07 (8r) of the statutes is created to read:

ASSEMBLY BILL 714**SECTION 1**

1 71.07 **(8r)** EDUCATIONAL INTEREST EXPENSES TAX CREDIT. (a) *Definitions*. In this
2 subsection:

3 1. “Claimant” means an individual who files a claim under this subsection.

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

8 (b) *Filing claims*. Subject to the limitations provided in this subsection, a
9 claimant may claim as a credit against the tax imposed under s. 71.02, up to the
10 amount of those taxes, the amount that the claimant pays for educational interest
11 expenses in the year to which the claim relates.

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

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

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

18 **SECTION 2.** 71.10 (4) (cg) of the statutes is created to read:

19 71.10 **(4)** (cg) The educational interest expenses tax credit under s. 71.07 (8r).

20 **SECTION 3. Initial applicability.**

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

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(END)