2007 ASSEMBLY BILL 601

November 29, 2007 – Introduced by Representatives HINES, ALBERS, BIES, GUNDERSON, MUSSER and A. OTT, cosponsored by Senators LEIBHAM and SCHULTZ. Referred to Committee on Jobs and The Economy.

AN ACT to create 71.07 (6f) and 71.10 (4) (cf) of the statutes; relating to: creating a nonrefundable individual income tax credit for individuals who earn an associate’s or bachelor’s degree.

Analysis by the Legislative Reference Bureau

This bill creates a nonrefundable individual income tax credit for all of the income (wages, salary, or tips) received by an individual who is awarded an associate’s or bachelor’s degree by an accredited college or university. 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 individuals who are nonresidents or part-year residents of Wisconsin.

The credit must be claimed for two or four consecutive years, beginning with the year that begins after the year in which the claimant’s degree is awarded. If a claimant who claims the credit for an associate’s degree later earns a bachelor’s degree, he or she may claim the credit for two additional years. No individual may claim the credit for more than four years.

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:
SECTION 1. 71.07 (6f) of the statutes is created to read:

71.07 (6f) POSTSECONDARY DEGREE TAX CREDIT. (a) Definitions. In this subsection:

1. “Claimant” means an individual who is awarded a degree and who claims a credit under this subsection.

2. “Degree” means an associate’s degree or a bachelor’s degree that is awarded to a claimant from a college or university that is regionally accredited and that is located in a state or territory of the United States.

3. “Income” means wages, salary, or tip income earned by a claimant in the year to which the claim relates.

(b) Filing claims. Subject to the limitations provided in this subsection, a claimant may claim as a credit against the tax imposed under s. 71.02, up to the amount of those taxes, an amount equal to the claimant’s income.

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

2. No credit may be claimed by an individual who is a nonresident or part-year resident of this state.

3. Except as provided in subd. 5., an individual who is awarded an associate’s degree may only claim the credit under this subsection for 2 consecutive taxable years, beginning with the taxable year that begins after the year in which the individual is awarded his or her degree.

4. Except as provided in subd. 5., an individual who is awarded a bachelor’s degree may only claim the credit under this subsection for 4 consecutive taxable years, beginning with the taxable year that begins after the year in which the individual is awarded his or her degree.
5. If an individual who claims the credit described in subd. 3. subsequently earns a bachelor’s degree, he or she may claim the credit described in subd. 4., but only for 2 consecutive taxable years, beginning with the taxable year that begins after the year in which the individual is awarded his or her bachelor’s degree.

6. No individual may claim the credit under this subsection for more than 4 taxable years.

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

SECTION 2. 71.10 (4) (cf) of the statutes is created to read:

71.10 (4) (cf) The postsecondary degree tax credit under s. 71.07 (6f).

SECTION 3. Initial applicability.

(1) This act first applies to taxable years beginning on January 1 of the year in which this subsection takes effect, except that if this subsection takes effect after July 31 this act first applies to taxable years beginning on January 1 of the year following the year in which this subsection takes effect.