AN ACT to amend 20.566 (1) (hp); and to create 20.435 (3) (r), 25.17 (1) (f), 25.66, 46.999 and 71.10 (5i) of the statutes; relating to: creating an individual income tax checkoff for the foster youth scholarship fund and making appropriations.

Analysis by the Legislative Reference Bureau

Under current law, an individual income tax check–off procedure exists that allows an individual who files a return to designate any amount of additional payment or any amount of a refund due for the endangered resources program. Similar checkoffs exist to provide payments to several other programs, including a veterans trust fund, prostate cancer research, multiple sclerosis programs, a fire fighters memorial, and a breast cancer research program, and to provide a donation to a professional football stadium district. This bill creates a similar income tax checkoff for designations to the foster youth scholarship fund, which is a fund established under the bill for the purpose of awarding scholarships to defray the cost of tuition, fees, and expenses for foster youths, as defined in the bill, enrolled in certain postsecondary educational programs.

Under the bill, an individual who has an income tax liability, is due a refund, or is required to file a return may designate any amount of additional payment, or any amount of a refund due, to the foster youth scholarship fund on his or her income tax return. If an individual's designation exceeds the amount of his or her refund, he or she must include a check with his or her tax return for the difference between the amount of the designation and the amount of the refund. If an individual who makes a contribution has a tax liability or has no tax liability and is due no refund,
he or she must include a check for the amount of the designation with his or her tax return.

The bill requires that an amount equal to the total amount of designations received, less the total cost of administrating the income tax check-off procedure, be deposited in the foster youth scholarship fund. The bill requires the Department of Health and Family Services to use the money from the foster youth scholarship fund to award scholarships to defray the cost of tuition, fees, and expenses for foster youths enrolled in any program provided by an accredited, nonprofit public or private institution of higher education or by a private trade, correspondence, business or technical school that leads to a degree, diploma, license, or certificate and that has an occupational, vocational, or educational objective. The maximum amount of a scholarship is $5,000 per academic year.

The bill defines "foster youth" as a resident of this state under 25 years of age who: 1) has lived in a foster home, treatment foster home, group home, residential care center for children and youth, or subsidized guardianship home or has lived in the home of a kinship care relative or long-term kinship care relative under a court order (out-of-home placement) for not less than six months after attaining the age of 15 years; or 2) has lived in an out-of-home placement for not less than six months before attaining the age of 15 years and was adopted after attaining that age.

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. 20.435 (3) (r) of the statutes is created to read:

20.435 (3) (r) Foster youth scholarship fund. From the foster youth scholarship fund, all moneys deposited in that fund under s. 71.10 (5i) (i) and all moneys received as contributions, gifts, grants, and bequests for that fund under s. 46.999 (4) for foster youth scholarships under s. 46.999 (2).

SECTION 2. 20.566 (1) (hp) of the statutes is amended to read:

20.566 (1) (hp) Administration of endangered resources; professional football district; breast cancer research; fire fighters memorial; veterans trust fund; multiple sclerosis programs; prostate cancer research income tax checkoff voluntary payments.

The amounts in the schedule for the payment of all administrative costs, including data processing costs, incurred in administering ss. 71.10 (5), (5e), (5f), (5fm), (5g),
(5h), (5i), and (5m), and 71.30 (10). All moneys specified for deposit in this
appropriation under ss. 71.10 (5) (h) 5., (5e) (h) 4., (5f) (i), (5fm) (i), (5g) (i), (5h) (i),
(5i) (i), and (5m) (i), and 71.30 (10) (i) and (11) (i) shall be credited to this
appropriation.

SECTION 3. 25.17 (1) (f) of the statutes is created to read:
25.17 (1) (f) Foster youth scholarship fund (s. 25.66);

SECTION 4. 25.66 of the statutes is created to read:

25.66 Foster youth scholarship fund. There is established a foster youth
scholarship fund, consisting of all moneys deposited in that fund under s. 71.10 (5i)
i and all moneys received for that fund under s. 46.999 (4).

SECTION 5. 46.999 of the statutes is created to read:

46.999 Foster youth scholarships. (1) DEFINITION. In this section, “foster
youth” means a resident of this state under 25 years of age who meets any of the
following qualifications:

(a) Has lived in a foster home, treatment foster home, group home, residential
care center for children and youth, or subsidized guardianship home, or has lived in
the home of a kinship care relative or long−term kinship care relative under a court
order, for not less than 6 months after attaining the age of 15 years.

(b) Has lived in a placement described in par. (a) for not less than 6 months
before attaining the age of 15 years and was adopted after attaining that age.

(2) AWAR Don of Scholarships. From the appropriation account under s. 20.435
(3) (r), the department shall award scholarships to defray the cost of tuition, fees, and
expenses for foster youths enrolled in any program provided by an accredited,
nonprofit public or private institution of higher education or by a school approved
under s. 38.50 that leads to a degree, diploma, license, or certificate and that has an
occupational, vocational, or educational objective. The maximum amount of a scholarship under subsection may not exceed $5,000 per academic year.

(3) APPLICATION FOR SCHOLARSHIP. A foster youth may apply for a scholarship under sub. (2) by completing an application form prescribed by the department and providing such additional information as the department may require. An initial applicant shall provide a letter of acceptance from the institution of higher education or school in which the applicant will enroll. An applicant who has previously been awarded a scholarship shall provide proof that the applicant has a cumulative grade point average of 2.0 or the equivalent as determined by the institution of higher education or school in which he or she is enrolled and is making satisfactory progress in the program in which he or she is enrolled.

(4) SOLICITATION OF FUNDING. The department may solicit and accept contributions, gifts, grants, and bequests for the foster youth scholarship fund under s. 25.66. Moneys received under this subsection shall be deposited in that fund, credited to the appropriation account under s. 20.435 (3) (r), and used to award scholarships under sub. (2).

SECTION 6. 71.10 (5i) of the statutes is created to read:

71.10 (5i) FOSTER YOUTH SCHOLARSHIP FUND CHECKOFF. (a) Definitions. In this subsection:

1. “Department” means the department of revenue.

2. “Foster youth scholarship fund” means the fund under s. 25.66.

(b) Voluntary payments. 1. ‘Designation on return.’ Every individual filing an income tax return who has a tax liability or is entitled to a tax refund may designate on the return any amount of additional payment or any amount of a refund due that individual for the foster youth scholarship fund.
2. ‘Designation added to tax owed.’ If the individual owes any tax, the individual shall remit in full the tax due and the amount designated on the return for the foster youth scholarship fund when the individual files a tax return.

3. ‘Designation deducted from refund.’ Except as provided in par. (d), if the individual is owed a refund for that year after crediting under ss. 71.75 (9) and 71.80 (3) and (3m), the department shall deduct the amount designated on the return for the foster youth scholarship fund from the amount of the refund.

(c) Errors; failure to remit correct amount. If an individual who owes taxes fails to remit an amount equal to or in excess of the total of the actual tax due, after error corrections, and the amount designated on the return for the foster youth scholarship fund:

1. The department shall reduce the designation for the foster youth scholarship fund to reflect the amount remitted in excess of the actual tax due, after error corrections, if the individual remitted an amount in excess of the actual tax due, after error corrections, but less than the total of the actual tax due, after error corrections, and the amount originally designated on the return for the foster youth scholarship fund.

2. The designation for the foster youth scholarship fund is void if the individual remitted an amount equal to or less than the actual tax due, after error corrections.

(d) Errors; insufficient refund. If an individual is owed a refund that does not equal or exceed the amount designated on the return for the foster youth scholarship fund, after crediting under ss. 71.75 (9) and 71.80 (3) and (3m) and after error corrections, the department shall reduce the designation for the foster youth scholarship fund to reflect the actual amount of the refund that the individual is
otherwise owed, after crediting under ss. 71.75 (9) and 71.80 (3) and (3m) and after error corrections.

(e) *Conditions.* If an individual places any conditions on a designation for the foster youth scholarship fund, the designation is void.

(f) *Void designation.* If a designation for the foster youth scholarship fund is void, the department shall disregard the designation and determine amounts due, owed, refunded, and received without regard to the void designation.

(g) *Tax return.* The secretary of revenue shall provide a place for the designations under this subsection on the individual income tax return.

(h) *Certification of amounts.* Annually, on or before September 15, the secretary of revenue shall certify to the department of health and family services, the department of administration, and the state treasurer all of the following:

1. The total amount of the administrative costs, including data processing costs, incurred by the department in administering this subsection during the previous fiscal year.

2. The total amount received from all designations for the foster youth scholarship fund made by taxpayers during the previous fiscal year.

3. The net amount remaining after the administrative costs, including data processing costs, under subd. 1. are subtracted from the total received under subd. 2.

(i) *Appropriations.* From the moneys received from designations for the foster youth scholarship fund, an amount equal to the sum of administrative expenses, including data processing costs, certified under par. (h) 1. shall be deposited in the general fund and credited to the appropriation account under s. 20.566 (1) (hp), and the net amount remaining that is certified under par. (h) 3. shall be deposited in the
foster youth scholarship fund and credited to the appropriation under s. 20.435 (3)

(j) Amounts subject to refund. Amounts designated for the foster youth
scholarship fund under this subsection are not subject to refund to the taxpayer
unless the taxpayer submits information to the satisfaction of the department,
within 18 months after the date on which the taxes are due or the date on which the
return is filed, whichever is later, that the amount designated is clearly in error. Any
refund granted by the department under this paragraph shall be deducted from the
moneys received under this subsection in the fiscal year for which the refund is
certified.

SECTION 7. Initial applicability.

(1) The treatment of section 71.10 (5i) of the statutes 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 the treatment of section 71.10 (5i) of
the statutes first applies to taxable years beginning on January 1 of the year
following the year in which this subsection takes effect.