



State of Wisconsin  
2015 - 2016 LEGISLATURE

in  
12/18

LRBs0142/1/14 PY  
ARG&MES:wlj/ahe/kjf

Wanted  
by Tues. 12/22

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**  
**SENATE SUBSTITUTE AMENDMENT ,**  
**TO SENATE BILL 228**

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1 AN ACT *to repeal* 39.41 (1m) (h) and 39.41 (1m) (i); *to amend* 39.41 (1m) (a) 1.  
2 to 6., 39.41 (1m) (b), 39.41 (1m) (e), 39.41 (1m) (j), 39.41 (1m) (m), 39.41 (2) (a),  
3 39.41 (2) (b), 39.41 (2) (c), 39.41 (3) (a), 39.41 (3) (b) and 39.41 (5) (a) 1.; *to repeal*  
4 *and recreate* 39.41 (1m) (d); and *to create* 39.41 (1m) (c) 3m., 39.41 (1m) (k),  
5 39.41 (3m), 71.07 (5p) and 71.10 (4) (cs) of the statutes; relating to: the amount  
6 of and eligibility criteria for academic excellence higher education scholarships  
7 and creating an individual income tax credit for certain academic scholarship  
8 recipients.

**Analysis by the Legislative Reference Bureau**

This substitute amendment establishes minimum eligibility criteria for, and changes the amount of, academic excellence scholarships awarded to high school seniors by the Higher Educational Aids Board (HEAB) and creates a nonrefundable individual income tax credit for certain scholarship recipients.

part of  
and also changes the process for awarding these scholarships. The substitute

Under current law, 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 (GPA), who enroll, on a full-time basis, in a public or private institution of higher education in this state. Under the program, a 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 GPA, and makes satisfactory progress toward an associate or a bachelor's degree or a vocational diploma.

Currently, the scholarships may be awarded to seniors with the highest GPAs in each high school having at least 80 pupils. The number of scholarships available for each high school is scaled based on the enrollment of the high school, with one scholarship available for the senior with the highest GPA in a high school having 80 pupils and six scholarships available for the six seniors with the six highest GPAs in a high school having 2,500 or more pupils. For high schools having fewer than 80 pupils, there are ten additional scholarships available statewide for seniors with the highest GPAs.

This substitute amendment changes the amount of a scholarship for a scholarship recipient attending a public institution of higher education to 50 percent of the tuition and fees at that institution and changes the amount of 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. As under current law, the amount of the scholarship is paid in equal parts by HEAB and by the institution, which must match HEAB's payment as a condition of participating in the scholarship program. The substitute amendment eliminates a provision restricting participation in the program to institutions that provided HEAB notice of their wish to participate by October 1, 1998.

The substitute amendment also requires a student to have a GPA of at least 3.5 and a score of at least 28 on the American College Test (commonly referred to as the ACT) in order to qualify for a scholarship. The substitute amendment also makes changes to the process and procedure under which some scholarships are awarded. Among these changes, if a scholarship that is authorized for a high school having at least 80 pupils is not awarded because the high school has an insufficient number of seniors who meet eligibility criteria, the scholarship is instead awarded by HEAB to a senior in another, similarly sized high school who meets eligibility criteria and has the highest ACT score.

The substitute amendment 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 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

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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 the University of Wisconsin–Madison for the years in which the scholarship recipient received an academic excellence higher education scholarship.

In general, the credit may be claimed only for the seven taxable years following the claimant's graduation, and the claimant may claim only one-seventh of the eligible amount each year. An individual may delay the time when he or she is otherwise required to claim the credit if, immediately after graduation, the individual pursues an advanced degree. To claim the credit, a claimant must be a full-year resident of this state for the year to which the claim relates.

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.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

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- 1       **SECTION 1.** 39.41 (1m) (a) 1. to 6. of the statutes are amended to read:
- 2           39.41 (1m) (a) 1. For each high school with an enrollment of at least 80 pupils
- 3           but less fewer than 500 pupils, designate the senior with the highest grade point
- 4           average in all subjects, but not less than 3.500 or the equivalent, and with a score of
- 5           at least 28 on the American college test as a scholar.
- 6           2. For each high school with an enrollment of at least 500 pupils but less fewer
- 7           than 1,000 pupils, designate the 2 seniors with the 2 highest grade point averages
- 8           in all subjects, but not less than 3.500 or the equivalent, and with scores of at least
- 9           28 on the American college test as scholars.
- 10          3. For each high school with an enrollment of at least 1,000 pupils but less fewer
- 11          than 1,500 pupils, designate the 3 seniors with the 3 highest grade point averages
- 12          in all subjects, but not less than 3.500 or the equivalent, and with scores of at least
- 13          28 on the American college test as scholars.
- 14          4. For each high school with an enrollment of at least 1,500 pupils but less fewer
- 15          than 2,000 pupils, designate the 4 seniors with the 4 highest grade point averages

1 in all subjects, but not less than 3.500 or the equivalent, and with scores of at least  
2 28 on the American college test as scholars.

3 5. For each high school with an enrollment of <sup>at least</sup> ~~2,000 or more~~ pupils but fewer  
4 than 2,500 pupils, designate the 5 seniors with the 5 highest grade point averages  
5 in all subjects, but not less than 3.500 or the equivalent, and with scores of at least  
6 28 on the American college test as scholars.

7 6. For each high school with an enrollment of 2,500 or more pupils, designate  
8 the 6 seniors with the 6 highest grade point averages in all subjects, but not less than  
9 3.500 or the equivalent, and with scores of at least 28 on the American college test  
10 as scholars.

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

12 39.41 (1m) (b) Subject to par. (e), by February 25 of each school year, the school  
13 board of each school district operating one or more high schools and the governing  
14 body of each private high school and of each tribal high school may, for each high  
15 school with an enrollment of less fewer than 80 pupils, nominate the senior with the  
16 highest grade point average in all subjects, but not less than 3.500 or the equivalent,  
17 and with a score of at least 28 on the American college test who may be designated  
18 as a scholar by the executive secretary under par. (c) 3. If the senior with the highest  
19 grade point average in all subjects does not have a score of at least 28 on the American  
20 college test, the school board or governing body shall nominate the senior with the  
21 next highest grade point average in all subjects, but not less than 3.500 or the  
22 equivalent, and with a score of at least 28 on the American college test for designation  
23 as a scholar.

24 **SECTION 3.** 39.41 (1m) (c) 3m. of the statutes is created to read:

1           39.41 (1m) (c) 3m. Subject to par. (k), designate the following number of  
2 scholars:

3           a. From among seniors enrolled in high schools with an enrollment of at least  
4 80 pupils but fewer than 500 pupils, the number calculated under par. (k) 1. a.

5           b. From among seniors enrolled in high schools with an enrollment of at least  
6 500 pupils but fewer than 1,000 pupils, the number calculated under par. (k) 1. b.

7           c. From among seniors enrolled in high schools with an enrollment of at least  
8 1,000 pupils but fewer than 1,500 pupils, the number calculated under par. (k) 1. c.

9           d. From among seniors enrolled in high schools with an enrollment of at least  
10 1,500 pupils but fewer than 2,000 pupils, the number calculated under par. (k) 1. d.

11          e. From among seniors enrolled in high schools with an enrollment of at least  
12 2,000 pupils but fewer than 2,500 pupils, the number calculated under par. (k) 1. e.

13          f. From among seniors enrolled in high schools with an enrollment of 2,500 or  
14 more pupils, the number calculated under par. (k) 1. f.

15          ~~39.41 (1m) (d)~~ **SECTION 4.** 39.41 (1m) (d) of the statutes is repealed and recreated to read:

16           39.41 (1m) (d) 1. By February 25 of each school year, the school board of each  
17 school district operating one or more high schools and the governing body of each  
18 private high school and of each tribal high school shall identify, for each high school  
19 with an enrollment of at least 80 pupils, each senior who has a grade point average  
20 in all subjects of at least 3.500 or the equivalent and who has a score of at least 28  
21 on the American college test. The school board or governing body shall create a list  
22 of all such seniors for each high school, ranking them, from highest to lowest, in order  
23 of grade point average but, in instances where 2 or more seniors have the same grade  
24 point average, ordering these seniors with the same grade point average according  
25 to their score on the American college test. In instances where 2 or more seniors have

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1 the same grade point average and the same score on the American college test, the  
2 faculty of the high school shall determine the relative ranking of these seniors and  
3 certify the order of ranking of these seniors to the school board or governing body.

4 This list of rankings shall identify, on the list, each senior's grade point average and  
5 American college test score. The school board or governing body shall designate

6 scholars under par. (a) according to the order of ranking of seniors on this list of  
7 rankings. After the applicable number of seniors to be designated as scholars under  
8 par. (a) have accepted the designation as a scholar as provided in subd. 2., the  
9 remaining seniors on the list of rankings under this subdivision shall be considered  
10 alternates. The school board or governing body shall provide its list of rankings of  
11 alternates to the executive secretary.

12 3. Upon receiving notice of his or her designation as a scholar under par. (a),

13 a senior shall give notice to the <sup>executive secretary</sup> ~~school board or governing body~~ making the

14 ~~designation~~ that the senior accepts or declines the designation or shall request an

15 extension of time to accept or decline the designation, which extension may be  
16 granted only in writing, upon a showing of good cause, and may not exceed 30 days.

17 The senior shall give this notice accepting or declining the designation, or requesting

18 an extension, in writing and within 10 days of the date of the <sup>executive secretary's</sup> ~~school board's or~~

19 ~~governing body's~~ notice of designation, or by May 1 of the <sup>school</sup> ~~academic~~ year in which the

20 senior receives notice of the designation, whichever is later. If the senior requests

21 an extension of time to accept or decline the designation and the request is granted,

22 the senior shall give notice in writing that he or she accepts or declines the

23 designation by the end of the extension period. If a senior does not give timely notice

24 under this subdivision, the designation is revoked and the <sup>executive secretary</sup> ~~school board or governing~~

25 ~~body~~ shall designate as a scholar the next senior on the list of rankings under subd.

*executive secretary*

1. The ~~school board or governing body~~ shall repeat this process as necessary until it receives timely acceptance of the designation. The ~~school board or governing body~~ shall follow this procedure until ~~it~~ <sup>the executive secretary</sup> has designated scholars for the applicable number of seniors to be designated under par. (a) or until the ~~school board or governing body~~ <sup>executive secretary</sup> has exhausted ~~its~~ <sup>the</sup> list of rankings of seniors. A senior designated as a scholar under par. (a) is not considered to be a designated scholar for purposes of sub. (2) (a) or (3) (a) unless the senior has accepted the designation as provided in this subdivision.

4/3. For each high school, if the number of eligible seniors on the list of rankings under subd. 1. who accept designation as a scholar is less than the applicable number of seniors to be designated as scholars under par. (a), the ~~school board or governing body~~ <sup>shall determine</sup> shall report to the ~~executive secretary~~ <sup>the executive secretary</sup> the number of scholars it was authorized to designate under par. (a) but could not designate because of an insufficient number of eligible seniors. ~~or, scholar who accept the designation~~

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

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~~39.41 (1m) (e) If 2 or more seniors from the same high school of less fewer than 80 pupils have the same grade point average and, except for the limitation of one nominated senior, are otherwise eligible for nomination under par. (b), the faculty of the high school shall select the senior who may be nominated by the school board of the school district operating the public high school or the governing body of the private or tribal high school for designation under par. (b) as a scholar by the executive secretary. If that senior is designated as a scholar by the executive secretary, but does not qualify for a higher education scholarship under sub. (2) (a) or (3) (a), the faculty of the high school shall select, in order of priority, one or more of the remaining seniors with the same grade point average and with a score of at least 28 on the American college test for certification as a scholar or, if there is no~~

1 remaining senior with the same grade point average and with a score of at least 28  
 2 on the American college test, one or more of the remaining seniors with the next  
 3 highest grade point average, but not less than ~~3.800~~ 3.500 or the equivalent, and with  
 4 a score of at least 28 on the American college test for certification as a scholar, and  
 5 the school board of the school district operating the high school or the governing body  
 6 of the private or tribal high school shall certify to the board one or more of these  
 7 seniors as eligible for a higher education scholarship as a scholar under sub. (2) (a)  
 8 or (3) (a) until the scholarship may be awarded by the board.

9 SECTION 6. 39.41 (1m) (h) of the statutes is repealed.

10 SECTION 7. 39.41 (1m) (i) of the statutes is repealed.

11 SECTION 8. 39.41 (1m) (j) of the statutes is amended to read:

12 39.41 (1m) (j) ~~In the event that~~ If 2 or more seniors from the same high school  
 13 of at least 80 pupils have the same grade point average and score on the American  
 14 college test and are otherwise eligible for designation under par. (a), the school board  
 15 of the school district operating the high school or the governing body of the private  
 16 or tribal high school shall ~~make the designation of~~ rank the seniors as determined  
 17 and certified by the faculty of the high school ~~for purposes of~~ under par. (d) ~~or (i)~~.

18 SECTION 9. 39.41 (1m) (k) of the statutes is created to read:

19 39.41 (1m) (k) 1. Based on the <sup>numbers determined</sup> ~~reports received~~ by the executive secretary under  
 20 par. (d) <sup>4</sup> ~~B.~~, the executive secretary shall calculate the total number of scholars  
 21 authorized to be designated under par. (a) <sup>✓</sup> but that could not be designated because  
 22 of an insufficient number of eligible seniors <sup>who accept the designation</sup> for all of the following:

23 a. High schools with an enrollment of at least 80 pupils but fewer than 500  
 24 pupils.



1           b. High schools with an enrollment of at least 500 pupils but fewer than 1,000  
2 pupils.

3           c. High schools with an enrollment of at least 1,000 pupils but fewer than 1,500  
4 pupils.

5           d. High schools with an enrollment of at least 1,500 pupils but fewer than 2,000  
6 pupils.

7           e. High schools with an enrollment of at least 2,000 pupils but fewer than 2,500  
8 pupils.

9           f. High schools with an enrollment of 2,500 or more pupils.

10           2. After receiving the lists of rankings of alternates from the school board or  
11 governing body of each high school under par. (d) 1., the executive secretary shall  
12 separate these lists into 6 groups to correspond with the 6 groupings of high schools  
13 by size of enrollment under subd. 1. Within each group, the executive secretary shall  
14 consolidate the lists of rankings of alternates and reorder the rankings, from highest  
15 to lowest, according to the seniors' American college test scores. The executive  
16 secretary shall designate seniors as scholars under par. (c) 3m. based on the order  
17 of ranking, within each group, of seniors by American college test score. If 2 or more  
18 seniors have the same American college test score and the number of scholars  
19 authorized for designation under par. (c) 3m. is less than the number of seniors with  
20 the same American college test score, the executive secretary shall determine by  
21 lottery which senior or seniors, among those with the same American college test  
22 scores, are designated as scholars under par. (c) 3m.

23           3. Upon receiving notice of his or her designation as a scholar under par. (c) 3m.,  
24 a senior shall give notice to the executive secretary that the senior accepts or declines  
25 the designation or shall request an extension of time to accept or decline the

1 designation, which extension may be granted only in writing, upon a showing of good  
 2 cause, and may not exceed 30 days. The senior shall give this notice accepting or  
 3 declining the designation, or requesting an extension, in writing and within 10 days  
 4 of the date of the executive secretary's notice of designation, or by May 1 of the  
 5 ~~academic~~<sup>school</sup> year in which the senior receives notice of the designation, whichever is  
 6 later. If the senior requests an extension of time to accept or decline the designation  
 7 and the request is granted, the senior shall give notice in writing that he or she  
 8 accepts or declines the designation by the end of the extension period. If a senior does  
 9 not give timely notice under this subdivision, the designation is revoked and the  
 10 executive secretary shall designate as a scholar the next senior on the executive  
 11 secretary's applicable consolidated list of rankings under subd. 2. The executive  
 12 secretary shall repeat this process as necessary until the executive secretary receives  
 13 timely acceptance of the designation. The executive secretary shall follow this  
 14 procedure until the executive secretary has made all designations authorized under  
 15 par. (c) 3m. or until the executive secretary has exhausted the applicable  
 16 consolidated list of rankings under subd. 2. A senior designated as a scholar under  
 17 par. (c) 3m. is not considered to be a designated scholar for purposes of sub. (2) (a) or  
 18 (3) (a) unless the senior has accepted the designation as provided in this subdivision.

19 SECTION 10. 39.41 (1m) (m) of the statutes is amended to read:

20 39.41 (1m) (m) Notwithstanding pars. (a), (b) and (d), if a high school ranks its  
 21 seniors on the basis of grades in academic subjects, the school board of the school  
 22 district operating the high school or the governing body of the private or tribal high  
 23 school or, for purposes of par. (d), the faculty of the high school may request a waiver  
 24 from the executive secretary in order to fulfill its requirements under par. (a), (b) or  
 25 (d) on the basis of grade point averages in academic subjects.

and the executive secretary may fulfill the requirements under par. (a),

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

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

12          **SECTION 12.** 39.41 (2) (b) of the statutes is amended to read:

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

25          **SECTION 13.** 39.41 (2) (c) of the statutes is amended to read:

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 14.** 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 15.** 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

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

3 **SECTION 16.** 39.41 (3m) of the statutes is created to read: or (3)

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,  
6 a technical college district school <sup>insert 13-6</sup> with a bachelor's degree, an associate degree, or a  
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 a vocational diploma, the scholar may claim the credit  
11 under s. 71.07 (5p).

12 **SECTION 17.** 39.41 (5) (a) 1. of the statutes is amended to read:

13 39.41 (5) (a) 1. Each institution within the University of Wisconsin System,  
14 technical college district school and private institution of higher education that  
15 wishes to participate in the scholarship program under this section in an academic  
16 year ~~1999-2000 and thereafter~~ shall notify the board by October 1, ~~1998,~~ of the  
17 immediately preceding academic year that the institution wishes to participate. A  
18 notice of intent to participate given under this subdivision continues in effect for  
19 subsequent academic years, subject to any notice given under subd. 2.

20 **SECTION 18.** 71.07 (5p) of the statutes is created to read:

21 71.07 (5p) ACADEMIC SCHOLARSHIP TAX CREDIT. (a) *Definitions.* In this  
22 subsection:

23 1. "Claimant" means an individual who files a claim under this subsection, who  
24 has received a scholarship under s. 39.41 (2) or (3), and who has graduated from the

1 institution or school with regard to which he or she received the scholarship, as  
2 described in s. 39.41 (3m) (a) or (b).

3 2. “Eligible amount” means 50 percent of all tuition and fees, including  
4 segregated fees, that would have been charged to a single full-time student by the  
5 institution or school attended by an individual who received a higher education  
6 scholarship under s. 39.41 (2) for the years in which the individual received the  
7 scholarship under that subsection, or 50 percent of all tuition and fees charged a  
8 single full-time resident undergraduate at the University of Wisconsin–Madison for  
9 the years in which an individual who received a scholarship under s. 39.41 (3)  
10 attended a private institution of higher education located in this state for the years  
11 in which the individual received the scholarship under that subsection.

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

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

22 2. No individual may file a claim under this subsection unless he or she was a  
23 full-year resident of this state in the year to which the claim relates.

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

1           4. Except as provided in subd. 5., no individual may file a claim under this  
2 subsection for any taxable year other than the taxable year that begins immediately  
3 after the taxable year in which the claimant graduates from the institution or school  
4 with regard to which he or she received the scholarship, as described in s. 39.41 (3m)  
5 (a) or (b), and the next 6 successive taxable years.

6           5. An individual may delay the time when he or she is otherwise required to  
7 begin claiming the credit under this subsection as described in subd. 4. if, in the  
8 taxable year that immediately follows the year in which the individual graduates,  
9 as described in s. 39.41 (3m) (a) or (b), the individual is a full-time student enrolled  
10 in a course of study that is leading to a higher degree. For purposes of this  
11 subdivision, an associate degree is higher than a vocational diploma, and a bachelor's  
12 degree is higher than an associate degree.

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

15           **SECTION 19.** 71.10 (4) (cs) of the statutes is created to read:

16           71.10 (4) (cs) Academic scholarship tax credit under s. 71.07 (5p).

17           **SECTION 20. Initial applicability.**

18           (1) **ACADEMIC EXCELLENCE HIGHER EDUCATION SCHOLARSHIPS.** The treatment of  
19 section 39.41 <sup>(1) (ag)</sup> ~~(1m) (a)~~ 1., 2., 3., 4., 5., and 6., <sup>4. and 5.</sup> (b), (c) 3m., <sup>(g) 1. and 2.</sup> (d), (e), (h), (i), (j), (k), and  
20 (m), (2) (a), (b), and (c), (3) (a) and (b), and (3m) of the statutes first applies to students  
21 who enroll in an institution within the University of Wisconsin System, a technical  
22 college district school, or a private institution of higher education in the 2016–17  
23 academic year.





## Gary, Aaron

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**From:** Hollenberger, Ethan  
**Sent:** Monday, January 04, 2016 1:15 PM  
**To:** Gary, Aaron  
**Subject:** LRBs0142/P4

**Importance:** High

Hi Aaron,

Please turn the P4 into a /1 as soon as possible.

Thank you,  
Ethan

Ethan J. Hollenberger  
Office of Senator Duey Stroebel  
(608) 266-7513



wanted TODAY or 1/5 A.M.

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**  
**SENATE SUBSTITUTE AMENDMENT ,**  
**TO SENATE BILL 228**

No changes

1 **AN ACT to repeal** 39.41 (1m) (h) and 39.41 (1m) (i); **to renumber and amend**  
2 39.41 (1m) (g); **to amend** 39.41 (1) (ag), 39.41 (1m) (a) (intro.), 39.41 (1m) (a)  
3 1. to 6., 39.41 (1m) (b), 39.41 (1m) (c) 4., 39.41 (1m) (c) 5., 39.41 (1m) (e), 39.41  
4 (1m) (j), 39.41 (1m) (m), 39.41 (2) (a), 39.41 (2) (b), 39.41 (2) (c), 39.41 (3) (a),  
5 39.41 (3) (b) and 39.41 (5) (a) 1.; **to repeal and recreate** 39.41 (1m) (d); and **to**  
6 **create** 39.41 (1m) (c) 3m., 39.41 (1m) (g) 2., 39.41 (1m) (k), 39.41 (3m), 71.07 (5p)  
7 and 71.10 (4) (cs) of the statutes; **relating to:** academic excellence higher  
8 education scholarships and creating an individual income tax credit for certain  
9 academic scholarship recipients.

***Analysis by the Legislative Reference Bureau***

This substitute amendment establishes minimum eligibility criteria for, and changes the amount of, academic excellence scholarships awarded to high school seniors by the Higher Educational Aids Board and also changes part of the process

for awarding these scholarships. The substitute amendment also creates a nonrefundable individual income tax credit for certain scholarship recipients.

Under current law, 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, a 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 GPA, and makes satisfactory progress toward an associate or a bachelor's degree or a vocational diploma.

Currently, the scholarships may be awarded to seniors with the highest GPAs in each high school having at least 80 pupils. The number of scholarships available for each high school is scaled based on the enrollment of the high school, with one scholarship available for the senior with the highest GPA in a high school having 80 pupils and six scholarships available for the six seniors with the six highest GPAs in a high school having 2,500 or more pupils. For high schools having fewer than 80 pupils, there are ten additional scholarships available statewide for seniors with the highest GPAs.

This substitute amendment changes the amount of a scholarship for a scholarship recipient attending a public institution of higher education to 50 percent of the tuition and fees at that institution and changes the amount of 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. As under current law, the amount of the scholarship is paid in equal parts by HEAB and by the institution, which must match HEAB's payment as a condition of participating in the scholarship program. The substitute amendment eliminates a provision restricting participation in the program to institutions that provided HEAB notice of their wish to participate by October 1, 1998.

The substitute amendment also requires a student to have a GPA of at least 3.5 and a score of at least 28 on the American College Test in order to qualify for a scholarship. The substitute amendment also makes changes to the process and procedure under which some scholarships are awarded. Among these changes, for a high school having at least 80 pupils, the scholarship recipient is designated by HEAB, rather than the school district of the public high school or governing body of the private or tribal high school in which the student is enrolled, based on a ranking of students provided by the school district or governing body to HEAB. In addition, if a scholarship that is authorized for a high school having at least 80 pupils is not awarded because the high school has an insufficient number of seniors who meet eligibility criteria, the scholarship is instead awarded by HEAB to a senior in another, similarly sized high school who meets eligibility criteria and has the highest ACT score.

The substitute amendment 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 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 the University of Wisconsin–Madison for the years in which the scholarship recipient received an academic excellence higher education scholarship.

In general, the credit may be claimed only for the seven taxable years following the claimant's graduation, and the claimant may claim only one-seventh of the eligible amount each year. An individual may delay the time when he or she is otherwise required to claim the credit if, immediately after graduation, the individual pursues an advanced degree. To claim the credit, a claimant must be a full-year resident of this state for the year to which the claim relates.

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.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1           **SECTION 1.** 39.41 (1) (ag) of the statutes is amended to read:

2           39.41 (1) (ag) “Faculty of the high school” means the principal administrative  
3 unit of the faculty personnel of a high school ~~designated under sub. (1m) (j).~~

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

5           39.41 (1m) (a) (intro.) Subject to par. (d), ~~by February 25 of each school year,~~  
6 ~~the school board of each school district operating one or more high schools and the~~  
7 ~~governing body of~~ for each public, private high school and of each, and tribal high  
8 school for which the executive secretary receives a list of rankings under par. (d) 1.,  
9 the executive secretary shall:

10           **SECTION 3.** 39.41 (1m) (a) 1. to 6. of the statutes are amended to read:

11           39.41 (1m) (a) 1. For each high school with an enrollment of at least 80 pupils  
12 but less fewer than 500 pupils, designate the senior with the highest grade point

1 average in all subjects, but not less than 3.500 or the equivalent, and with a score of  
2 at least 28 on the American college test as a scholar.

3 2. For each high school with an enrollment of at least 500 pupils but less fewer  
4 than 1,000 pupils, designate the 2 seniors with the 2 highest grade point averages  
5 in all subjects, but not less than 3.500 or the equivalent, and with scores of at least  
6 28 on the American college test as scholars.

7 3. For each high school with an enrollment of at least 1,000 pupils but less fewer  
8 than 1,500 pupils, designate the 3 seniors with the 3 highest grade point averages  
9 in all subjects, but not less than 3.500 or the equivalent, and with scores of at least  
10 28 on the American college test as scholars.

11 4. For each high school with an enrollment of at least 1,500 pupils but less fewer  
12 than 2,000 pupils, designate the 4 seniors with the 4 highest grade point averages  
13 in all subjects, but not less than 3.500 or the equivalent, and with scores of at least  
14 28 on the American college test as scholars.

15 5. For each high school with an enrollment of at least 2,000 or more pupils but  
16 fewer than 2,500 pupils, designate the 5 seniors with the 5 highest grade point  
17 averages in all subjects, but not less than 3.500 or the equivalent, and with scores  
18 of at least 28 on the American college test as scholars.

19 6. For each high school with an enrollment of 2,500 or more pupils, designate  
20 the 6 seniors with the 6 highest grade point averages in all subjects, but not less than  
21 3.500 or the equivalent, and with scores of at least 28 on the American college test  
22 as scholars.

23 **SECTION 4.** 39.41 (1m) (b) of the statutes is amended to read:

24 39.41 (1m) (b) Subject to par. (e), by February 25 of each school year, the school  
25 board of each school district operating one or more high schools and the governing

1 body of each private high school and of each tribal high school may, for each high  
2 school with an enrollment of less fewer than 80 pupils, nominate the senior with the  
3 highest grade point average in all subjects, but not less than 3.500 or the equivalent,  
4 and with a score of at least 28 on the American college test who may be designated  
5 as a scholar by the executive secretary under par. (c) 3. If the senior with the highest  
6 grade point average in all subjects does not have a score of at least 28 on the American  
7 college test, the school board or governing body shall nominate the senior with the  
8 next highest grade point average in all subjects, but not less than 3.500 or the  
9 equivalent, and with a score of at least 28 on the American college test for designation  
10 as a scholar. In addition, the school district or governing body may identify as an  
11 alternate nominee the senior who, after the nominee, has the next highest grade  
12 point average in all subjects, but not less than 3.500 or the equivalent, and a score  
13 of at least 28 on the American college test, and the executive secretary may designate  
14 as a scholar under par. (c) 3. an alternate nominee if the executive secretary receives  
15 fewer than 10 nominations under this paragraph of seniors who are not alternates.

16 **SECTION 5.** 39.41 (1m) (c) 3m. of the statutes is created to read:

17 39.41 (1m) (c) 3m. Subject to par. (k), designate the following number of  
18 scholars:

19 a. From among seniors enrolled in high schools with an enrollment of at least  
20 80 pupils but fewer than 500 pupils, the number calculated under par. (k) 1. a.

21 b. From among seniors enrolled in high schools with an enrollment of at least  
22 500 pupils but fewer than 1,000 pupils, the number calculated under par. (k) 1. b.

23 c. From among seniors enrolled in high schools with an enrollment of at least  
24 1,000 pupils but fewer than 1,500 pupils, the number calculated under par. (k) 1. c.

1 d. From among seniors enrolled in high schools with an enrollment of at least  
2 1,500 pupils but fewer than 2,000 pupils, the number calculated under par. (k) 1. d.

3 e. From among seniors enrolled in high schools with an enrollment of at least  
4 2,000 pupils but fewer than 2,500 pupils, the number calculated under par. (k) 1. e.

5 f. From among seniors enrolled in high schools with an enrollment of 2,500 or  
6 more pupils, the number calculated under par. (k) 1. f.

7 **SECTION 6.** 39.41 (1m) (c) 4. of the statutes is amended to read:

8 39.41 (1m) (c) 4. For each public, private, or tribal high school with an  
9 enrollment of at least 80 pupils, notify the school board of the school district  
10 operating the public high school or the governing body of the private or tribal high  
11 school of the ~~number of scholars to be~~ requirement under par. (d) 1. to provide to the  
12 executive secretary a list of rankings of seniors who may be designated as scholars  
13 under par. (a) or (c) 3m.

14 **SECTION 7.** 39.41 (1m) (c) 5. of the statutes is amended to read:

15 39.41 (1m) (c) 5. For each public, private, or tribal high school with an  
16 enrollment of ~~less~~ fewer than 80 pupils, notify the school board of the school district  
17 operating the public high school or the governing body of the private or tribal high  
18 school that the school board or governing body may nominate a senior and an  
19 alternate under par. (b) who may be designated as a scholar by the executive  
20 secretary.

21 **SECTION 8.** 39.41 (1m) (d) of the statutes is repealed and recreated to read:

22 39.41 (1m) (d) 1. By February 25 of each school year, the school board of each  
23 school district operating one or more high schools and the governing body of each  
24 private high school and of each tribal high school shall identify, for each high school  
25 with an enrollment of at least 80 pupils, each senior who has a grade point average

1 in all subjects of at least 3.500 or the equivalent and who has a score of at least 28  
2 on the American college test. The school board or governing body shall create a list  
3 of all such seniors for each high school, ranking them, from highest to lowest, in order  
4 of grade point average but, in instances where 2 or more seniors have the same grade  
5 point average, ordering these seniors with the same grade point average according  
6 to their score on the American college test. In instances where 2 or more seniors have  
7 the same grade point average and the same score on the American college test, the  
8 faculty of the high school shall determine the relative ranking of these seniors and  
9 certify the order of ranking of these seniors to the school board or governing body.  
10 This list of rankings shall identify, on the list, each senior's grade point average and  
11 American college test score. The school board or governing body shall provide this  
12 list of rankings to the executive secretary by February 25 of each school year.

13 2. From each high school for which the executive secretary receives a list of  
14 rankings under subd. 1., the executive secretary shall designate scholars under par.  
15 (a) according to the order of ranking of seniors on this list of rankings. After the  
16 applicable number of seniors to be designated as scholars under par. (a) have  
17 accepted the designation as a scholar as provided in subd. 3., the remaining seniors  
18 on this list of rankings shall be considered alternates and the executive secretary  
19 shall proceed as provided in par. (k) 2.

20 3. Upon receiving notice of his or her designation as a scholar under par. (a),  
21 a senior shall give notice to the executive secretary that the senior accepts or declines  
22 the designation or shall request an extension of time to accept or decline the  
23 designation, which extension may be granted only in writing, upon a showing of good  
24 cause, and may not exceed 30 days. The senior shall give this notice accepting or  
25 declining the designation, or requesting an extension, in writing and within 10 days



1 of the date of the executive secretary's notice of designation, or by May 1 of the school  
2 year in which the senior receives notice of the designation, whichever is later. If the  
3 senior requests an extension of time to accept or decline the designation and the  
4 request is granted, the senior shall give notice in writing that he or she accepts or  
5 declines the designation by the end of the extension period. If a senior does not give  
6 timely notice under this subdivision, the designation is revoked and the executive  
7 secretary shall designate as a scholar the next senior on the list of rankings under  
8 subd. 1. The executive secretary shall repeat this process as necessary until the  
9 executive secretary receives timely acceptance of the designation. The executive  
10 secretary shall follow this procedure until the executive secretary has designated  
11 scholars for the applicable number of seniors to be designated under par. (a) or until  
12 the executive secretary has exhausted the list of rankings of seniors. A senior  
13 designated as a scholar under par. (a) is not considered to be a designated scholar for  
14 purposes of sub. (2) (a) or (3) (a) unless the senior has accepted the designation as  
15 provided in this subdivision.

16 4. For each high school, if the number of eligible seniors on the list of rankings  
17 under subd. 1. who accept designation as a scholar is less than the applicable number  
18 of seniors to be designated as scholars under par. (a), the executive secretary shall  
19 determine the number of scholars the executive secretary was authorized to  
20 designate under par. (a) but could not designate because of an insufficient number  
21 of eligible seniors who accept the designation.

22 **SECTION 9.** 39.41 (1m) (e) of the statutes is amended to read:

23 39.41 (1m) (e) If 2 or more seniors from the same high school of less fewer than  
24 80 pupils have the same grade point average and, except for the limitation of one  
25 nominated senior and one alternate, are otherwise eligible for nomination under par.

1 (b), the faculty of the high school shall select the senior who may be nominated by  
2 the school board of the school district operating the public high school or the  
3 governing body of the private or tribal high school for designation under par. (b) as  
4 a scholar by the executive secretary and shall also select an alternate nominee. If  
5 ~~that the nominated senior or the alternate~~ is designated as a scholar by the executive  
6 secretary, but does not qualify for a higher education scholarship under sub. (2) (a)  
7 or (3) (a), the faculty of the high school shall select, in order of priority, one or more  
8 of the remaining seniors with the same grade point average and with a score of at  
9 least 28 on the American college test for certification as a scholar or, if there is no  
10 remaining senior with the same grade point average and with a score of at least 28  
11 on the American college test, one or more of the remaining seniors with the next  
12 highest grade point average, but not less than ~~3.800~~ 3.500 or the equivalent, and with  
13 a score of at least 28 on the American college test for certification as a scholar, and  
14 the school board of the school district operating the high school or the governing body  
15 of the private or tribal high school shall certify to the board one or more of these  
16 seniors as eligible for a higher education scholarship as a scholar under sub. (2) (a)  
17 or (3) (a) until the scholarship may be awarded by the board.

18 **SECTION 10.** 39.41 (1m) (g) of the statutes is renumbered 39.41 (1m) (g) 1. and  
19 amended to read:

20 39.41 (1m) (g) 1. Notwithstanding par. (a) and except as provided in subd. 2.,  
21 if a high school of at least 80 pupils closes or merges in the 1991–92 school year or  
22 in any school year thereafter, the school board of the school district operating the  
23 high school or the governing body of the private or tribal high school shall, subject  
24 to par. (d), for each of the 2 school years following the closure or merger, designate  
25 the same number of scholars from among the pupils enrolled in the high school at the

1 time of closure or merger as the number of scholars designated for that high school  
2 in the school year the high school closed or merged. Any seniors designated under  
3 this paragraph shall be eligible for an original scholarship under this section.

4 **SECTION 11.** 39.41 (1m) (g) 2. of the statutes is created to read:

5 39.41 (1m) (g) 2. Any designation under subd. 1. after the 2015–16 school year  
6 shall be made by the executive director.

7 **SECTION 12.** 39.41 (1m) (h) of the statutes is repealed.

8 **SECTION 13.** 39.41 (1m) (i) of the statutes is repealed.

9 **SECTION 14.** 39.41 (1m) (j) of the statutes is amended to read:

10 39.41 (1m) (j) ~~In the event that~~ If 2 or more seniors from the same high school  
11 of at least 80 pupils have the same grade point average and score on the American  
12 college test and are otherwise eligible for designation under par. (a), the school board  
13 of the school district operating the high school or the governing body of the private  
14 or tribal high school shall ~~make the designation of~~ rank the seniors as determined  
15 and certified by the faculty of the high school ~~for purposes of~~ under par. (d) ~~or (i)~~.

16 **SECTION 15.** 39.41 (1m) (k) of the statutes is created to read:

17 39.41 (1m) (k) 1. Based on the numbers determined by the executive secretary  
18 under par. (d) 4., the executive secretary shall calculate the total number of scholars  
19 authorized to be designated under par. (a) but that could not be designated because  
20 of an insufficient number of eligible seniors who accept the designation, for all of the  
21 following:

22 a. High schools with an enrollment of at least 80 pupils but fewer than 500  
23 pupils.

24 b. High schools with an enrollment of at least 500 pupils but fewer than 1,000  
25 pupils.

1 c. High schools with an enrollment of at least 1,000 pupils but fewer than 1,500  
2 pupils.

3 d. High schools with an enrollment of at least 1,500 pupils but fewer than 2,000  
4 pupils.

5 e. High schools with an enrollment of at least 2,000 pupils but fewer than 2,500  
6 pupils.

7 f. High schools with an enrollment of 2,500 or more pupils.

8 2. After alternates on the list of rankings under par. (d) 1. are determined as  
9 provided in par. (d) 2., the executive secretary shall create a new list of rankings of  
10 alternates as provided in this subdivision. The executive secretary shall separate the  
11 lists of rankings received by the executive secretary under par. (d) 1. into 6 groups  
12 to correspond with the 6 groupings of high schools by size of enrollment under subd.  
13 1. and shall include on these lists only seniors the executive secretary has  
14 determined to be alternates. Within each of these groups, the executive secretary  
15 shall consolidate the lists of rankings of alternates and reorder the rankings, from  
16 highest to lowest, according to the seniors' American college test scores. The  
17 executive secretary shall designate seniors as scholars under par. (c) 3m. based on  
18 the order of ranking, within each group, of seniors by American college test score.  
19 If 2 or more seniors have the same American college test score and the number of  
20 scholars authorized for designation under par. (c) 3m. is less than the number of  
21 seniors with the same American college test score, the executive secretary shall  
22 determine by lottery which senior or seniors, among those with the same American  
23 college test scores, are designated as scholars under par. (c) 3m.

24 3. Upon receiving notice of his or her designation as a scholar under par. (c) 3m.,  
25 a senior shall give notice to the executive secretary that the senior accepts or declines

1 the designation or shall request an extension of time to accept or decline the  
2 designation, which extension may be granted only in writing, upon a showing of good  
3 cause, and may not exceed 30 days. The senior shall give this notice accepting or  
4 declining the designation, or requesting an extension, in writing and within 5 days  
5 of the date of the executive secretary's notice of designation, or by May 1 of the school  
6 year in which the senior receives notice of the designation, whichever is later. If the  
7 senior requests an extension of time to accept or decline the designation and the  
8 request is granted, the senior shall give notice in writing that he or she accepts or  
9 declines the designation by the end of the extension period. If a senior does not give  
10 timely notice under this subdivision, the designation is revoked and the executive  
11 secretary shall designate as a scholar the next senior on the executive secretary's  
12 applicable consolidated list of rankings under subd. 2. The executive secretary shall  
13 repeat this process as necessary until the executive secretary receives timely  
14 acceptance of the designation. The executive secretary shall follow this procedure  
15 until the executive secretary has made all designations authorized under par. (c) 3m.  
16 or until the executive secretary has exhausted the applicable consolidated list of  
17 rankings under subd. 2. A senior designated as a scholar under par. (c) 3m. is not  
18 considered to be a designated scholar for purposes of sub. (2) (a) or (3) (a) unless the  
19 senior has accepted the designation as provided in this subdivision.

20 **SECTION 16.** 39.41 (1m) (m) of the statutes is amended to read:

21 39.41 (1m) (m) Notwithstanding pars. (a), (b) and (d), if a high school ranks its  
22 seniors on the basis of grades in academic subjects, the school board of the school  
23 district operating the high school or the governing body of the private or tribal high  
24 school ~~or, for purposes of par. (d), the faculty of the high school~~ may request a waiver  
25 from the executive secretary in order to fulfill its requirements under par. (a), (b) or

1 (d), and the executive secretary may fulfill the requirements under par. (a), on the  
2 basis of grade point averages in academic subjects.

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

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

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

15 39.41 (2) (b) For each year that a scholar who receives a scholarship under par.  
16 (a) is enrolled full time, maintains at least a 3.000 grade point average, or the  
17 equivalent as determined by the institution or district school, and makes satisfactory  
18 progress toward an associate degree, a bachelor's degree, or a vocational diploma, the  
19 student scholar shall be exempt from 50 percent of all tuition and fees, including  
20 segregated fees, in the subsequent year or, if the scholar does not enroll in a  
21 participating institution of higher education in the subsequent year, in the 2nd year  
22 following the year in which the scholar received the scholarship, ~~except that the~~  
23 ~~maximum scholarship for a scholar who receives an original scholarship for the~~  
24 ~~1996-97 academic year or for any academic year thereafter may not exceed \$2,250~~

1 ~~per academic year.~~ No scholar is eligible for an exemption for more than 4 years in  
2 the University of Wisconsin System or more than 3 years at a district school.

3 **SECTION 19.** 39.41 (2) (c) of the statutes is amended to read:

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

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

11 39.41 (3) (a) If a designated scholar under sub. (1m) is admitted to and enrolls,  
12 on a full-time basis, by September 30 of the academic year immediately following the  
13 school year in which the senior was designated a scholar, in a private institution of  
14 higher education that is located in this state and participating in the program under  
15 this section, the board shall pay the institution, on behalf of the ~~pupil~~ scholar, an  
16 amount equal to ~~50%~~ 25 percent of the tuition and fees charged a resident  
17 undergraduate at the University of Wisconsin–Madison in the same academic year,  
18 ~~except that the maximum payment for a pupil who receives an original scholarship~~  
19 ~~for the 1996–97 academic year or for any academic year thereafter may not exceed~~  
20 ~~\$1,125 per academic year.~~

21 **SECTION 21.** 39.41 (3) (b) of the statutes is amended to read:

22 39.41 (3) (b) For each year that a scholar who receives a scholarship under par.  
23 (a) is enrolled full time, maintains at least a 3.000 grade point average, or the  
24 equivalent as determined by the private institution, and makes satisfactory progress  
25 toward a bachelor's degree, the ~~student~~ scholar is eligible for a higher education

1 scholarship as determined under par. (a) in the subsequent year or, if the scholar does  
2 not enroll in a participating institution of higher education in the subsequent year,  
3 in the 2nd year following the year in which the scholar received the scholarship. No  
4 scholar is eligible for a higher education scholarship for more than 4 years at a  
5 private institution of higher education.

6 **SECTION 22.** 39.41 (3m) of the statutes is created to read:

7 39.41 (3m) In addition to receiving a scholarship under sub. (2) or (3), if the  
8 scholar graduates from an institution within the University of Wisconsin System, a  
9 technical college district school, or a private institution of higher education located  
10 in this state with a bachelor's degree, an associate degree, or a vocational diploma,  
11 the scholar may claim the credit under s. 71.07 (5p).

12 **SECTION 23.** 39.41 (5) (a) 1. of the statutes is amended to read:

13 39.41 (5) (a) 1. Each institution within the University of Wisconsin System,  
14 technical college district school and private institution of higher education that  
15 wishes to participate in the scholarship program under this section in an academic  
16 year ~~1999–2000 and thereafter~~ shall notify the board by October 1, ~~1998~~, of the  
17 immediately preceding academic year that the institution wishes to participate. A  
18 notice of intent to participate given under this subdivision continues in effect for  
19 subsequent academic years, subject to any notice given under subd. 2.

20 **SECTION 24.** 71.07 (5p) of the statutes is created to read:

21 71.07 (5p) ACADEMIC SCHOLARSHIP TAX CREDIT. (a) *Definitions.* In this  
22 subsection:

23 1. "Claimant" means an individual who files a claim under this subsection, who  
24 has received a scholarship under s. 39.41 (2) or (3), and who has graduated from the



1 institution or school with regard to which he or she received the scholarship, as  
2 described in s. 39.41 (3m).

3 2. “Eligible amount” means 50 percent of all tuition and fees, including  
4 segregated fees, that would have been charged to a single full-time student by the  
5 institution or school attended by an individual who received a higher education  
6 scholarship under s. 39.41 (2) for the years in which the individual received the  
7 scholarship under that subsection, or 50 percent of all tuition and fees charged a  
8 single full-time resident undergraduate at the University of Wisconsin–Madison for  
9 the years in which an individual who received a scholarship under s. 39.41 (3)  
10 attended a private institution of higher education located in this state for the years  
11 in which the individual received the scholarship under that subsection.

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

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

22 2. No individual may file a claim under this subsection unless he or she was a  
23 full-year resident of this state in the year to which the claim relates.

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

1           4. Except as provided in subd. 5., no individual may file a claim under this  
2 subsection for any taxable year other than the taxable year that begins immediately  
3 after the taxable year in which the claimant graduates from the institution or school  
4 with regard to which he or she received the scholarship, as described in s. 39.41 (3m),  
5 and the next 6 successive taxable years.

6           5. An individual may delay the time when he or she is otherwise required to  
7 begin claiming the credit under this subsection as described in subd. 4. if, in the  
8 taxable year that immediately follows the year in which the individual graduates,  
9 as described in s. 39.41 (3m), the individual is a full-time student enrolled in a course  
10 of study that is leading to a higher degree. For purposes of this subdivision, an  
11 associate degree is higher than a vocational diploma, and a bachelor's degree is  
12 higher than an associate degree.

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

15           **SECTION 25.** 71.10 (4) (cs) of the statutes is created to read:

16           71.10 (4) (cs) Academic scholarship tax credit under s. 71.07 (5p).

17           **SECTION 26. Initial applicability.**

18           (1) **ACADEMIC EXCELLENCE HIGHER EDUCATION SCHOLARSHIPS.** The treatment of  
19 section 39.41 (1) (ag), (1m) (a), (b), (c) 3m., 4. and 5., (d), (e), (g) 1. and 2., (h), (i), (j),  
20 (k), and (m), (2) (a), (b), and (c), (3) (a) and (b), and (3m) of the statutes first applies  
21 to students who enroll in an institution within the University of Wisconsin System,  
22 a technical college district school, or a private institution of higher education in the  
23 2016–17 academic year.

