



1997 ASSEMBLY BILL 717

January 15, 1998 - Introduced by Representatives OTTE, JENSEN, URBAN, GROTHMAN, POWERS, SYKORA, GRONEMUS and STASKUNAS, cosponsored by Senators FARROW, DARLING, ROESSLER and WELCH. Referred to Joint survey committee on Tax Exemptions.

1 **AN ACT to create** 71.05 (6) (b) 27. of the statutes; **relating to:** creating an
2 individual income tax exemption for amounts paid for elementary and
3 secondary educational costs.

Analysis by the Legislative Reference Bureau

This bill creates an individual income tax exemption for amounts paid for educational expenses for dependent children who attend kindergarten to grade 12 at public or private schools. For dependents who are in grades kindergarten to 6, the exemption may not exceed \$650 each year for educational expenses paid for the child by the individual claiming the exemption; the maximum exemption amount is \$1,000 each year for dependents who are in grades 7 to 12.

The credit may be taken for educational expenses such as tuition, textbooks and transportation that are related to a child's attendance at an eligible institution. Under the bill, "textbooks" do not include books or materials that are used in the teaching of religious tenets, doctrines or worship and "transportation" does not include transportation to extracurricular activities. Also under the bill, an eligible institution is a public school and certain private schools.

A private school must meet several requirements before it may be classified as an eligible institution. These requirements include compliance with the 1964 federal Civil Rights Act and the Wisconsin fair employment laws. In addition, a private school must be accredited by one of several accreditation associations.

This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the *state and local* 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:

1 **SECTION 1.** 71.05 (6) (b) 27. of the statutes is created to read:

2 71.05 **(6)** (b) 27. For each child who is a dependent, as defined in section 152
3 of the Internal Revenue Code, of the individual claiming the exemption under this
4 subdivision and who is in grade kindergarten to grade 6, not more than \$650 each
5 year for amounts paid by the claimant for educational expenses; and for each child
6 who is a dependent, as defined in section 152 of the Internal Revenue Code, of the
7 individual claiming the exemption under this subdivision and who is in grade 7 to
8 12, not more than \$1,000 each year for amounts paid by the claimant for educational
9 expenses. In this subdivision, “educational expenses” means amounts paid for
10 tuition, textbooks and transportation that relate to the child’s attendance at an
11 eligible institution, except that “textbooks” does not include books or materials that
12 are used in the teaching of religious tenets, doctrines or worship and “transportation”
13 does not include transportation to extracurricular activities. In this subdivision,
14 “eligible institution” means a public school, as defined in s. 115.01 (1), and a private
15 school, as defined in s. 115.001 (3r), that is accredited by the north central association
16 of colleges and schools, the independent schools association of the central states or
17 the Wisconsin nonpublic school accrediting association and that fulfills the
18 requirements under subch. II of ch. 111 and 42 USC 2000d.

19 **SECTION 2. Initial applicability.**

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

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(END)