



## 2013 ASSEMBLY BILL 303

August 23, 2013 - Introduced by Representatives KOLSTE, JORGENSEN, WACHS, GOYKE, HEBL, MASON, BERNARD SCHABER, SHANKLAND, SINICKI, BERCEAU, ZEPNICK, RICHARDS, WRIGHT, SMITH, DOYLE, C. TAYLOR, YOUNG, KAHL, OHNSTAD, MILROY and BILLINGS, cosponsored by Senator T. CULLEN. Referred to Joint Committee on Finance.

1     **AN ACT to create** 71.07 (5u) 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.

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### *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.

The maximum amount of credits that may be claimed each year is \$15,000,000. The bill requires the department of revenue to create a procedure to ensure that this limit is not exceeded.

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.

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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.** 71.07 (5u) of the statutes is created to read:

2           71.07 **(5u)** STUDENT INTEREST TAX CREDIT. (a) *Definitions.* In this 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           3. The maximum amount of the credits that may be claimed under this section  
17 in any fiscal year is \$15,000,000. The department shall create a procedure to ensure  
18 that the limit specified in this subdivision is not exceeded.

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

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

22           71.10 **(4)** (cg) The educational interest expenses tax credit under s. 71.07 (5u).

23           **SECTION 3. Initial applicability.**

24           (1) STUDENT INTEREST TAX CREDIT. This act first applies to taxable years  
25 beginning on January 1 of the year in which this subsection takes effect, except that

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1 if this subsection takes effect after July 31 this act first applies to taxable years  
2 beginning on January 1 of the year following the year in which this subsection takes  
3 effect.

4 (END)