

State of Misconsin 2011 - 2012 LEGISLATURE



## 2011 SENATE BILL 69

April 20, 2011 – Introduced by Senators Grothman, Galloway, Lazich and Leibham, cosponsored by Representatives Jacque, Kleefisch, Wynn, Honadel, Kapenga, Kaufert, Knilans, LeMahieu, Litjens, Murtha, Petryk, Pridemore, Thiesfeldt, Vos and Ziegelbauer. Referred to Committee on Education.

1 AN ACT *to create* 71.07 (8m) and 71.10 (4) (cs) of the statutes; **relating to:** 2 creating a nonrefundable individual income tax credit for tuition expenses paid 3 for dependents who attend private elementary and secondary schools.

#### Analysis by the Legislative Reference Bureau

This bill creates a nonrefundable individual income tax credit for amounts spent by a claimant on tuition expenses, in the year to which the claim relates, for the claimant's dependent children to attend private schools for grades kindergarten to 12. Because the credit is nonrefundable, no refund is paid if the amount of the credit exceeds the taxpayer's tax liability.

The maximum credit that may be claimed under the bill per year, per child, if the claimant files as a single individual or head of household, or if the claimant is a married person filing a joint return, is phased in from 2012 to 2020. Under the bill, for taxable years beginning on or after January 1, 2012, the maximum credit that may be claimed is \$1,500 for a kindergarten pupil and \$2,500 for a ninth grade pupil; in 2013, \$1,500 for a first grade pupil and \$2,500 for a tenth grade pupil; in 2014, \$1,500 for a second grade pupil and \$2,500 for an 11th grade pupil; in 2015, \$1,500 for a third grade pupil and \$2,500 for a 12th grade pupil; for 2016, \$1,500 for a fourth grade pupil; for 2017, \$1,500 for a fifth grade pupil; for 2018, \$2,000 for a sixth grade pupil; for 2019, \$2,000 for a seventh grade pupil; and for 2020, \$2,000 for an eighth grade pupil. The maximum credit that may be claimed by a married person filing a separate return per year, per child, is 50 percent of the amount that may be claimed by a married joint filer. The amount of credit that may be claimed by a nonresident

#### **SENATE BILL 69**

or part-year resident of this state is modified based on the ratio of the claimant's Wisconsin adjusted gross income (AGI) to his or her federal AGI.

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	<b>SECTION 1.</b> 71.07 (8m) of the statutes is created to read:
2	71.07 (8m) NONPUBLIC EDUCATION EXPENSES CREDIT. (a) Definitions. In this
3	subsection:
4	1. "Claimant" means an individual who claims a pupil as a dependent under
5	section 151 (c) of the Internal Revenue Code, on his or her tax return.
6	2. "Eligible institution" means a private school, as defined in s. 115.001 (3r),
7	that meets all of the criteria under s. 118.165 (1).
8	3. "Pupil" means an individual who is enrolled in kindergarten or grades 1 to
9	12 at an eligible institution and who is a dependent of the claimant under section 151
10	(c) of the Internal Revenue Code.
11	4. "Tuition" means any amount paid by a claimant, in the year to which the
12	claim relates, for a pupil's tuition to attend an eligible institution.
13	(b) <i>Filing claims</i> . Subject to the limitations provided in this subsection, a
14	claimant may claim as a credit against the tax imposed under s. 71.02, up to the
15	amount of those taxes, one of the following amounts paid for tuition in the year to
16	which the claim relates:
17	1. For taxable years beginning after December 31, 2011, for a pupil who is in
18	kindergarten, \$1,500 and for a pupil who is in 9th grade, \$2,500.
19	2. For taxable years beginning after December 31, 2012, for a pupil who is in
20	1st grade, \$1,500 and for a pupil who is in 10th grade, \$2,500.

2011 – 2012 Legislature

**SENATE BILL 69** 

1	3. For taxable years beginning after December 31, 2013, for a pupil who is in
2	2nd grade, \$1,500 and for a pupil who is in 11th grade, \$2,500.
3	4. For taxable years beginning after December 31, 2014, for a pupil who is in
4	3rd grade, \$1,500 and for a pupil who is in 12th grade, \$2,500.
5	5. For taxable years beginning after December 31, 2015, for a pupil who is in
6	4th grade, \$1,500.
7	6. For taxable years beginning after December 31, 2016, for a pupil who is in
8	5th grade, \$1,500.
9	7. For taxable years beginning after December 31, 2017, for a pupil who is in
10	6th grade, \$2,000.
11	8. For taxable years beginning after December 31, 2018, for a pupil who is in
12	7th grade, \$2,000.
13	9. For taxable years beginning after December 31, 2019, for a pupil who is in
14	8th grade, \$2,000.
15	(c) <i>Limitations</i> . 1. Subject to subd. 4., the maximum credit that may be claimed
16	under this subsection by a claimant who files as a single individual or head of
17	household is the amount specified in par. (b), for each pupil, in each year to which the
18	claim relates.
19	2. Subject to subd. 4., the maximum credit that may be claimed under this
20	subsection by claimants who are a married couple and file a joint return is the
21	amount specified in par. (b), for each pupil, in each year to which the claim relates.
22	3. Subject to subd. 4., the maximum credit that may be claimed by each spouse
23	of a married couple that files separately is 50 percent of the amount described in
24	subd. 2.

2011 – 2012 Legislature

### **SENATE BILL 69**

1	4. If a part-year resident or a nonresident of this state files a claim under this
2	subsection, the maximum credit amount in subd. 1., 2., or 3. shall be multiplied by
3	a fraction, the numerator of which is the individual's and his or her spouse's
4	Wisconsin adjusted gross income and the denominator of which is the individual's
5	and his or her spouse's federal adjusted gross income. In this subdivision, for
6	married persons filing separately "adjusted gross income" means the separate
7	adjusted gross income of each spouse, and for married persons filing jointly "adjusted
8	gross income" means the total adjusted gross income of both spouses.
9	5. No credit may be allowed under this subsection unless it is claimed within
10	the time period under s. 71.75 (2).
11	6. No credit may be allowed under this subsection for a taxable year covering
12	a period of less than 12 months, except for a taxable year closed by reason of the death
13	of the taxpayer.
14	(d) $Administration$ . Subsection (9e) (d), to the extent that it applies to the credit
15	under that subsection, applies to the credit under this subsection.
16	<b>SECTION 2.</b> 71.10 (4) (cs) of the statutes is created to read:
17	71.10 (4) (cs) Nonpublic education expenses credit under s. 71.07 (8m).
18	SECTION 3. Initial applicability.
19	(1) This act first applies to taxable years beginning on January 1 of the year
20	in which this subsection takes effect, except that if this subsection takes effect on or
21	after August 1 this act first applies to taxable years beginning on January 1 of the
22	year following the year in which this subsection takes effect.
23	(END)

- 4 -