



State of Wisconsin
2011 - 2012 LEGISLATURE



LRB-0941/3
MES:jld:rs

2011 BILL

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

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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 **SECTION 1.** 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) *Filing claims.* 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.

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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) *Limitations.* 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.

