

WEST VIRGINIA LEGISLATURE

2019 REGULAR SESSION

Introduced

House Bill 3013

FISCAL
NOTE

BY DELEGATES SKAFF, S. BROWN, ESTEP-BURTON,
WILLIAMS, ZUKOFF, ANGELUCCI, WALKER, HORNBUCKLE
AND C. THOMPSON

[Introduced February 12, 2019; Referred
to the Committee on Education then Finance.]

1 A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new section
 2 designated §11-21-10b, relating to establishing a tax credit against West Virginia personal
 3 income tax liability tax credit for student loan payments; providing for definitions;
 4 establishing the tax credit; providing for the tax credit be claimed by the taxpayer the year
 5 of graduation; providing the tax credit may be claimed for nine tax years after graduation;
 6 providing that any year the tax credit is not claimed is forfeited; establishing certain
 7 conditions for the taxpayer to claim the credit; and permitting the Tax Commissioner to
 8 require forms, filings or other such methods to claim the tax credit.

Be it enacted by the Legislature of West Virginia:

ARTICLE 21. PERSONAL INCOME TAX.

§11-21-10b. College Graduate Tax Credit.

1 (a) Definitions. – For the purposes of this section;

2 (1) “Graduate” means a graduate of a qualified institution of higher learning who has been
 3 awarded a baccalaureate degree, a graduate degree, or a professional degree by the qualified
 4 institution of higher learning.

5 (2) “Qualified education expense” means the cost of tuition and fees, room and board,
 6 books and necessary supplies and equipment directly related to the court of education pursued
 7 at a qualified institution of higher learning.

8 (3) “Qualified institution of higher learning” means an institution that instructs students and
 9 awards baccalaureate degrees, graduate degrees, or professional degrees and which hold
 10 accreditation by an accrediting agency or association determined by the United States Secretary
 11 of Education, under 20 U.S.C. § 1099b to be a reliable authority for accreditation.

12 (4) “Qualified student loan” means a loan taken out in the name of the taxpayer claiming
 13 the credit authorized by this section and used solely to pay qualified education expenses for
 14 education resulting in the award of a baccalaureate degree, graduate degree, or professional
 15 degree by a qualified institution of higher learning.

16 (b) A credit shall be allowed against the tax imposed by this article equal to the amount of
17 principal and interest paid by graduates of qualified institutions of higher learning for repayment
18 of qualified student loans used to pay for qualified education expenses incurred to attend qualified
19 institutions of higher learning. This credit is available for taxpayers graduating on or after January
20 1, 2019, and is applied in the year of graduation from a qualified institution of higher learning and
21 for the next succeeding nine tax years following graduation from a qualified institution of higher
22 learning. The annual tax credit authorized by this section is equal to the lesser of one tenth of the
23 principal amount of the graduate's qualified student loans plus interest paid in the tax year or the
24 amount of principal and interest paid during the tax year but shall not exceed the taxpayer's
25 personal income tax liability as calculated under the provisions of this article for the tax year for
26 which the credit is claimed. Any annual credit remaining after application of the credit in any tax
27 year may not be carried-over to another succeeding tax year nor carried-back to a prior tax year
28 but is forfeited. Only qualified student loans used to obtain a baccalaureate degree, a graduate
29 degree, or a professional degree from a qualified institution of higher learning are eligible for the
30 credit allowed by this section. Only qualified student loans with interest liability of \$600 or more
31 annually are eligible for the credit allowed by this section. Only the individual graduate is eligible
32 for the credit allowed by this section.

33 (c) For purposes of this administering the provisions of this section, Internal Revenue
34 Service Form 1098E shall be used to provide the necessary information relating to the identity of
35 the graduate claiming the credit and the qualified student loan interest among. The Tax
36 Commissioner may prescribe such other forms, schedules, returns, or filings as the Tax
37 Commissioner may deem appropriate for claims of this credit.

NOTE: The purpose of this bill is to provide a tax credit against West Virginia personal income tax liability in the amount of payments made on student loans; providing the credit may be used in the graduation year; providing for a maximum term of 9 years to claim the credit after the year of graduation; establishing definitions; and establishing the Tax Commissioner to require forms, schedules, returns, or filings to claim the credit.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.