

H. B. 2508

(By Delegates Cann, Kominar, Reynolds, Craig,  
Anderson, Evans and Doyle)

[Introduced January 17, 2011; referred to the  
Committee on Education then Finance.]

**FISCAL  
NOTE**

A BILL to amend the Code of West Virginia, 1931, as amended, by  
adding thereto a new section, designated §11-21-10b, relating  
to personal income tax; and enacting the College Graduate Tax  
Credit.

*Be it enacted by the Legislature of West Virginia:*

That the Code of West Virginia, 1931, as amended, be amended  
by adding thereto a new section, designated §11-21-10b, to read as  
follows:

**ARTICLE 21. PERSONAL INCOME TAX.**

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

(a) A credit shall be allowed against the tax imposed by this  
article equal to the amount of principal and interest paid by  
graduates of qualified institutions of higher learning for  
repayment of qualified student loans used to pay for qualified  
education expense incurred to attend such qualified institutions of  
higher learning. This credit shall be available for taxpayers

1 graduating on or after January 1, 2012, and shall be applied in the  
2 year of graduation from a qualified institution of higher learning,  
3 and for the next succeeding nine tax years following graduation  
4 from a qualified institution of higher learning. The annual tax  
5 credit authorized by this section shall be equal to the lesser of  
6 one tenth of the principal amount of the graduate's qualified  
7 student loans plus interest paid in the tax year, or the amount of  
8 principal and interest paid during the tax year, but shall not  
9 exceed the taxpayer's personal income tax liability as calculated  
10 under the provisions of this article for the tax year for which the  
11 credit is claimed. Any annual credit remaining after application  
12 of the credit in any tax year may not be carried-over to another  
13 succeeding tax year nor carried-back to a prior tax year but shall  
14 be forfeited. Only qualified student loans used to obtain a  
15 baccalaureate degree, a graduate degree or a professional degree  
16 from a qualified institution of higher learning are eligible for  
17 the credit allowed by this section. Only qualified student loans  
18 with interest liability of \$600 or more annually are eligible for  
19 the credit allowed by this section. Only the individual graduate  
20 is eligible for the credit allowed by this section.

21 (b) Definitions:

22 (1) "Graduate" means a graduate of a qualified institution of  
23 higher learning who has been awarded a baccalaureate degree, a

1 graduate degree or a professional degree by the qualified  
2 institution of higher learning.

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

7 (3) "Qualified institution of higher learning" means an  
8 institution that instructs students and awards baccalaureate  
9 degrees, graduate degrees or professional degrees, and which holds  
10 accreditation by an accrediting agency or association determined by  
11 the United States Secretary of Education, under section one  
12 thousand ninety-nine-b, title twenty, United States Code, to be a  
13 reliable authority for accreditation.

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

20 (c) Administration: For purposes of administering the  
21 provisions of this section, Internal Revenue Service Form 1098E  
22 shall be used to provide the necessary information relating to the  
23 identity of the graduate claiming the credit and the qualified  
24 student loan interest amount. The Tax Commissioner may prescribe

1 such other forms, schedules, returns or filings as the Tax  
2 Commissioner may deem appropriate for claims of this credit.

NOTE: The purpose of this bill is to provide for a credit against West Virginia personal income tax liability in the amount of payments made on student loans.

§11-21-10b is new; therefore, it has been completely underscored.