

**Senate Bill No. 274**

(By Senator Cann)

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[Introduced January 8, 2014; referred to the Committee on  
Education; and then to the Committee on Finance.]  
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**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

1 education expense incurred to attend qualified institutions of  
2 higher learning. This credit is available for taxpayers graduating  
3 on or after January 1, 2015, and is applied in the year of  
4 graduation from a qualified institution of higher learning and for  
5 the next succeeding nine tax years following graduation from a  
6 qualified institution of higher learning. The annual tax credit  
7 authorized by this section is equal to the lesser of one tenth of  
8 the principal amount of the graduate's qualified student loans plus  
9 interest paid in the tax year or the amount of principal and  
10 interest paid during the tax year but shall not exceed the  
11 taxpayer's personal income tax liability as calculated under the  
12 provisions of this article for the tax year for which the credit is  
13 claimed. Any annual credit remaining after application of the  
14 credit in any tax year may not be carried-over to another  
15 succeeding tax year nor carried-back to a prior tax year but is  
16 forfeited. Only qualified student loans used to obtain a  
17 baccalaureate degree, a graduate degree or a professional degree  
18 from a qualified institution of higher learning are eligible for  
19 the credit allowed by this section. Only qualified student loans  
20 with interest liability of \$600 or more annually are eligible for  
21 the credit allowed by this section. Only the individual graduate  
22 is eligible for the credit allowed by this section.

23 (b) Definitions:

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

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

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

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

22           (c) Administration: For purposes of administering the  
23 provisions of this section, Internal Revenue Service Form 1098E

1 shall be used to provide the necessary information relating to the  
2 identity of the graduate claiming the credit and the qualified  
3 student loan interest amount. The Tax Commissioner may prescribe  
4 such other forms, schedules, returns or filings as the Tax  
5 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, strike-throughs and  
underscoring have been omitted.