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**H. B. 2894**

(By Delegates Skinner, Fluharty, Sponaugle, Miley, Marcum,  
Byrd, Hornbuckle, Hartman, Campbell, Perry and Fleischauer)

[Introduced February 24, 2015; 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 two new sections, designated §11-21-8i and §11-21-12j; and to amend said code by adding thereto a new section, designated §11-24-25, all relating to providing tax breaks for employers assisting employees paying student loans; providing tax credits from personal and corporate income taxes; and providing modification reducing federal adjusted gross income for certain student loan payments.

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

That the Code of West Virginia, 1931, as amended, be amended by adding thereto two new sections, designated §11-21-8i and §11-21-12j; and that said code be amended by adding thereto a new section, designated §11-24-25, all to read as follows:

**ARTICLE 21. PERSONAL INCOME TAX.**

**§11-21-8i. Employer tax credit for employee student loan repayment.**

(a) Subject to the conditions of this section, an employer is allowed a credit against the taxes imposed by this article in the amount of twenty-five percent of a student loan repayment of principal

1 and interest made by the employer directly to the relevant lender or lenders on behalf of each  
2 qualified employee of the employer. The credit allowed under this section applies only to student  
3 loans incurred by a qualified employee while attending an accredited institution of higher education.

4 (b) The employer is allowed a credit of up to \$450 for each qualified employee for whom the  
5 employer makes student loan repayments in the tax year. To qualify for the credit for a qualified  
6 employee under this section, the student loan repayment for a qualified employee must be at least  
7 \$800 in the tax year.

8 (c) (1) The credit for a student loan repayment made by the employer for a qualified  
9 employee may be claimed for no more than three tax years.

10 (2) The credit allowed by this section may not be refunded if the taxpayer has a tax liability  
11 less than the amount of the credit.

12 (3) There is no carryback or carryforward of the credit permitted under this section.

13 (d) If the credit allowed under this section is claimed by an electing small business  
14 corporation (S corporation), a pass-through entity, or a partnership, the credit must be attributed to  
15 shareholders, owners, or partners using the same proportion as used to report the entity's income or  
16 loss.

17 (e) The taxpayer shall provide to the Tax Commissioner, on a form provided by the Tax  
18 Commissioner, documentation of the amount of the student loan repayment made on behalf of a  
19 qualified employee in any tax year for which a credit is claimed under this section, and the qualified  
20 employee's taxpayer identification number.

21 (f) As used in this section, the following definitions apply:

22 (1) "Qualified employee" means an employee who has:

1 (A) Been employed by the taxpayer for at least one hundred sixty hours in West Virginia  
2 during the tax year; and

3 (B) Not been claimed for more than three tax years, regardless of whether the employee is  
4 a qualified employee of one or more employers.

5 (2) "Student loan" means a student educational loan for higher education expenses that is  
6 authorized by Title 20 of the United States Code.

7 (g) The Tax Commissioner may adopt interpretive and procedural rules and propose  
8 legislative rules for legislative approval in accordance with the provisions of article three, chapter  
9 twenty-nine-a of this code, necessary to implement and administer this section.

10 (h) This section applies to tax years beginning after December 31, 2014.

11 **§11-21-12j. Additional modification reducing federal adjusted gross income for certain loan**  
12 **payments.**

13 (a) In addition to amounts authorized to be subtracted from federal adjusted gross income  
14 pursuant to other sections of this article, a taxpayer may exclude the amount of the loan payment  
15 received pursuant to subdivision (4) of this section not to exceed \$5,000, from the taxpayer's adjusted  
16 gross income to the extent included therein, if the taxpayer:

17 (1) Is a health care professional licensed in West Virginia licensed under chapter thirty of this  
18 code;

19 (2) Is serving a significant portion of a designated geographic area, special population, or  
20 facility population in a federally designated health professional shortage area, a medically  
21 underserved area or population, or a federal nursing shortage county as determined by the Secretary  
22 of the Department of Health and Human Resources or by the Governor;

1 (3) Has had a student loan incurred as a result of health-related education; and

2 (4) Has received a loan payment during the tax year made on the taxpayer's behalf by a loan  
3 repayment program described in subsection (b) of this section as an incentive to practice in West  
4 Virginia.

5 (b) (1) For the purposes of subsection (a) of this section, a loan repayment program includes  
6 a federal, state or qualified private program. A qualified private loan repayment program includes  
7 a licensed health care facility that makes student loan payments on behalf of the person who is  
8 employed by the facility as a licensed health care professional.

9 (2) (A) For purpose of this section a "health care facility" means all or a portion of an  
10 institution, building, or agency, private or public, excluding federal facilities, whether organized for  
11 profit or not, that is used, operated, or designed to provide health services, medical treatment, or  
12 nursing, rehabilitative, or preventive care to any individual. The term includes chemical dependency  
13 facilities, critical access hospitals, end-stage renal dialysis facilities, home health agencies, home  
14 infusion therapy agencies, hospices, hospitals, infirmaries, long-term care facilities, intermediate care  
15 facilities for the developmentally disabled, medical assistance facilities, mental health centers,  
16 outpatient centers for primary care, outpatient centers for surgical services, rehabilitation facilities,  
17 residential care facilities and residential treatment facilities.

18 (B) The term does not include offices of private physicians, dentists, or other physical or  
19 mental health care workers regulated under chapter thirty of this code.

20 (c) The Tax Commissioner may adopt interpretive and procedural rules and propose  
21 legislative rules for legislative approval in accordance with the provisions of article three, chapter  
22 twenty-nine-a of this code, necessary to implement and administer this section.

1 (d) This section applies to tax years beginning after December 31, 2014.

2 **ARTICLE 24. CORPORATION NET INCOME TAX.**

3 **§11-24-25. Employer tax credit for employee student loan repayment.**

4 (a) Subject to the conditions of this section, an employer is allowed a credit against the taxes  
5 imposed by this article in the amount of twenty-five percent of a student loan repayment of principal  
6 and interest made by the employer directly to the relevant lender or lenders on behalf of each  
7 qualified employee of the employer. The credit allowed under this section applies only to student  
8 loans incurred by a qualified employee while attending an accredited institution of higher education.

9 (b) The employer is allowed a credit of up to \$450 for each qualified employee for whom the  
10 employer makes student loan repayments in the tax year. To qualify for the credit for a qualified  
11 employee under this section, the student loan repayment for a qualified employee must be at least  
12 \$800 in the tax year.

13 (c) (1) The credit for a student loan repayment made by the employer for a qualified  
14 employee may be claimed for no more than three tax years.

15 (2) The credit allowed by this section may not be refunded if the taxpayer has a tax liability  
16 less than the amount of the credit.

17 (3) There is no carryback or carryforward of the credit permitted under this section.

18 (d) The taxpayer shall provide to the Tax Commissioner, on a form provided by the Tax  
19 Commissioner, documentation of the amount of the student loan repayment made on behalf of a  
20 qualified employee in any tax year for which a credit is claimed under this section, and the qualified  
21 employee's taxpayer identification number.

22 (e) As used in this section, the following definitions apply:

- 1       (1) "Qualified employee" means an employee who has:  
2       (A) Been employed by the taxpayer for at least one hundred sixty hours in West Virginia  
3 during the tax year; and  
4       (B) Not been claimed for more than three tax years, regardless of whether the employee is  
5 a qualified employee of one or more employers.  
6       (2) "Student loan" means a student educational loan for higher education expenses that is  
7 authorized by Title 20 of the United States Code.  
8       (f) The Tax Commissioner may adopt interpretive and procedural rules and propose  
9 legislative rules for legislative approval in accordance with the provisions of article three, chapter  
10 twenty-nine-a of this code, necessary to implement and administer this section.  
11       (g) This section applies to tax years beginning after December 31, 2014.

NOTE: The purpose of this bill is to provide tax breaks for employers assisting employees paying student loans. It provides tax credits from personal and corporate income taxes and provides a modification reducing federal adjusted gross income for certain student loan payments.

All sections in this bill are new; therefore, they have been completely underscored.