

WEST VIRGINIA LEGISLATURE

2021 REGULAR SESSION

Introduced

House Bill 2172

BY DELEGATES CAPITO AND L. PACK

[Introduced February 10, 2021; Referred to the
Committee on 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 on interest; providing for
4 definitions; establishing the tax credit; providing for the tax credit to be claimed by the
5 taxpayer the year of graduation; providing the tax credit may be claimed for nine tax years
6 after graduation; providing that any year the tax credit is not claimed is forfeited;
7 establishing certain conditions for the taxpayer to claim the credit; and permitting the Tax
8 Commissioner to 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) Definition. -- 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) "Resident" means an individual currently residing in the State of West Virginia, and
6 working in or actively seeking employment within the State of West Virginia.

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

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

14 (5) "Qualified student loan" means a loan taken out in the name of the taxpayer claiming
15 the credit authorized by this section and used solely to pay qualified education expenses for

16 education resulting in the award of a baccalaureate degree, graduate degree, or professional
17 degree by a qualified institution of higher learning.

18 (b) A credit shall be allowed against the tax imposed by this article equal to the amount of
19 interest paid by graduates of qualified institutions of higher learning for repayment of qualified
20 student loans used to pay for qualified education expenses incurred to attend qualified institutions
21 of higher learning. This credit is available for resident taxpayers graduating on or after January 1,
22 2021, and is applied in the year of graduation from a qualified institution of higher learning and for
23 the next succeeding nine tax years following graduation from a qualified institution of higher
24 learning. The annual tax credit authorized by this section is equal to the lesser of the amount of
25 the graduate's qualified student loan interest paid in the tax year or \$1,000 but may not exceed
26 the taxpayer's personal income tax liability as calculated under the provisions of this article for
27 the tax year for which the credit is claimed. Any annual credit remaining after application of the
28 credit in any tax year may not be carried-over to another succeeding tax year nor carried-back to
29 a prior tax year, but is forfeited. Only qualified student loans used to obtain a baccalaureate
30 degree, a graduate degree, or a professional degree from a qualified institution of higher learning
31 are eligible for the credit allowed by this section. Only the individual graduate is eligible for the
32 credit allowed by this section. Graduates who have had their student loans in default at any time
33 within the previous three years are ineligible for the credit allowed by this section.

34 (c) For purposes of administering the provisions of this section, Internal Revenue Service
35 Form 1098E shall be used to provide the necessary information relating to the identity of the
36 graduate claiming the credit and the qualified student loan interest amount. The Tax
37 Commissioner may prescribe such other forms, schedules, returns, or filings as the Tax
38 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 the lesser of payments on interest made on student loans or \$1,000; providing the credit may be used in the graduation year; providing for a maximum term of nine 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.