

# The Tuition Tax Credit Proposal: What would it mean for Catholic school families?

March 31, 2011

## **Background:**

On March 24, 2011, Senator Glen Grothman (R-West Bend) and Representative André Jacque (R-Bellevue) authored a bill introducing a non-refundable state tax credit for families who send their children to private and religious schools.

## **What is a tuition tax credit, and what does “non-refundable” mean?**

A tuition tax credit is a specific amount you are allowed to subtract from the amount you owe in state income tax. For example, a family with one child in private school owes \$2,000 in state income tax. They receive a \$1,500 tuition tax credit, and owe only \$500.

Since the tax credit is non-refundable, the state will not pay a tax refund created by the credit. Consider the previous example. If the same family had three children, each of whom qualified for a tuition tax credit, that would reduce their taxes by \$4,500. Since they only owe \$2,000 in tax, this would leave a refund of \$2,500. Since the tax credit is non-refundable, they would not receive an extra \$2,500 as a tax refund. Their tax bill would simply drop from \$2,000 to \$0.

## **Why is this important?**

Currently, all property owners pay taxes to help support local public schools. Families who choose to send their children to Catholic schools also pay tuition, in addition to property taxes for public schools. Currently in Wisconsin, private schools do not receive any state aid, while public schools receive, on average, over \$12,000 per student.

As Catholics, we believe that parents are the primary educators of their children and should be able to choose the type of education their children receive. Government should assist families in this endeavor. This bill, if passed, would allow more families to choose Catholic schools for their children. It would also provide a tax benefit to hard working families who already sacrifice to send their children to Catholic schools.

## **How would the credits work?**

The proposal phases in tuition tax credits over an 8 year period according to the chart below.

<b>Year</b>	<b>Grades Eligible</b>	<b>Maximum Credit per Pupil (Married filing jointly or single individual)</b>	<b>Maximum Credit per Pupil (Married filing separately)</b>
<b>2012</b>	Kindergarten	\$1,500	\$750
	9 <sup>th</sup> Grade	\$2,500	\$1,250
<b>2013</b>	K-1 <sup>st</sup>	\$1,500	\$750
	9 <sup>th</sup> -10 <sup>th</sup>	\$2,500	\$1,250
<b>2014</b>	K-2 <sup>nd</sup>	\$1,500	\$750
	9 <sup>th</sup> -11 <sup>th</sup>	\$2,500	\$1,250
<b>2015</b>	K-3 <sup>rd</sup>	\$1,500	\$750
	9 <sup>th</sup> -12 <sup>th</sup>	\$2,500	\$1,250
<b>2016</b>	K-4 <sup>th</sup>	\$1,500	\$750
	9 <sup>th</sup> -12 <sup>th</sup>	\$2,500	\$1,250
<b>2017</b>	K-5 <sup>th</sup>	\$1,500	\$750
	9 <sup>th</sup> -12 <sup>th</sup>	\$2,500	\$1,250
<b>2018</b>	K-6 <sup>th</sup>	\$2,000	\$1,000
	9 <sup>th</sup> -12 <sup>th</sup>	\$2,500	\$1,250
<b>2019</b>	K-7 <sup>th</sup>	\$2,000	\$1,000
	9 <sup>th</sup> -12 <sup>th</sup>	\$2,500	\$1,250
<b>2020</b>	K-8 <sup>th</sup>	\$2,000	\$1,000
	9 <sup>th</sup> -12 <sup>th</sup>	\$2,500	\$1,250

## **What should we do if we support this proposal?**

Contact your state senator and representative and let them know that you support tuition tax credits. Tell them how the tax credit would help you and other families you know afford Catholic schools for your children. Ask them to co-sponsor LRB 0941 regarding tuition tax credits. Visit <http://legis.wisconsin.gov/w3asp/waml/waml.aspx> to find names and contact information for your legislators.