

### Fiscal Estimate - 2015 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>15-4267/1</b>	<b>Introduction Number</b> <b>SB-622</b>	
<b>Description</b> Creating an individual income tax deduction for certain interest paid on qualified education loans		
<b>Fiscal Effect</b>		
<b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <u>0</u> <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS		
<b>Agency/Prepared By</b> DOR/ Bradley Caruth (608) 261-8984	<b>Authorized Signature</b> Michael Wagner (608) 266-6785	<b>Date</b> 1/26/2016

## Fiscal Estimate Narratives

DOR 1/26/2016

LRB Number	<b>15-4267/1</b>	Introduction Number	<b>SB-622</b>	Estimate Type	<b>Original</b>
<b>Description</b> Creating an individual income tax deduction for certain interest paid on qualified education loans					

### Assumptions Used in Arriving at Fiscal Estimate

Current Wisconsin law conforms with federal law to allow for a student loan interest deduction of up to \$2,500 for individuals who have taken out loans on behalf of themselves, their spouse, or their dependents to pay for the cost of attending an eligible educational institution. The federal and state deduction for student loan interest phases-out based on income. For 2015, the phase-out for single and head of household filers begins when modified federal adjusted gross income (FAGI) is more than \$65,000 and these taxpayers are ineligible to claim the deduction if their modified FAGI exceeds \$80,000. For married joint filers, the deduction is phased out between \$130,000 and \$160,000 of modified FAGI. Married separate filers and those filers claimed as dependents on another's return may not claim the deduction.

This bill retains the income phase-out range of the deduction but eliminates the \$2,500 cap on qualifying student loan interest. Based on a simulation using the 2012 individual income tax sample, the expanded deduction will reduce revenue by \$0.5 million in fiscal year 2016 and \$5.2 million annually beginning in fiscal year 2017.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2015 Session

Detailed Estimate of Annual Fiscal Effect

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  Updated     
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<b>LRB Number</b> <b>15-4267/1</b>	<b>Introduction Number</b> <b>SB-622</b>	
<b>Description</b> Creating an individual income tax deduction for certain interest paid on qualified education loans		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>		
<b>II. Annualized Costs:</b>	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs      Decreased Costs	
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$-5,200,000
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$-5,200,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$-5,200,000	\$
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
DOR/ Bradley Caruth (608) 261-8984	Michael Wagner (608) 266-6785	1/26/2016