

*STATE OF WISCONSIN**REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS**2015 SENATE BILL 622*

[Introduced by Senators Marklein, Gudex, Lasee, Moulton and Nass; cosponsored by Representatives Macco, Murphy, Bernier, Czaja, Duchow, Horlacher, Kitchens, Knodl, Kremer, Kulp, Mursau, A. Ott, Petryk, Quinn, Rodriguez and Tranel.]

General Nature of the Proposal

Under current state and federal tax law, individual taxpayers may claim a deduction of up to \$2,500 for qualified student loan interest, subject to a phase-out based on the taxpayer's modified federal adjusted gross income (FAGI). For a single taxpayer, the phase-out of the deduction begins at a FAGI of \$65,000 and the deduction is fully phased out at \$80,000. For married taxpayers filing jointly, the phase-out begins at \$130,000 and the deduction is fully phased out at \$160,000.

Under 2015 Senate Bill 622, a taxpayer would be able to claim a deduction from state income taxes for amounts of qualified student loan interest in excess of the \$2,500 federal limit. Under the bill, deduction of student loan interest would remain subject to the phase-outs prescribed by federal law.

Legality Involved

There are no issues of legality involved.

Fiscal Effect Upon the State and Its Subdivisions

The Department of Revenue estimates the fiscal effect of Senate Bill 622 to reduce state income tax revenue by \$500,000 in fiscal year 2016 and \$5.2 million annually beginning in fiscal year 2017.

Public Policy Involved

The Joint Survey Committee on Tax Exemptions finds that there is appropriate public policy on the tax exemptions in Senate Bill 622.

01/28/16

JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS