



*Scott Walker*  
Governor

*Richard G. Chandler*  
Secretary of Revenue

February 17, 2015

**Testimony to the Senate Committee on Universities and Technical Colleges on  
Senate Bill 622**

Chairwoman Harsdorf and members of the committee, thank you for the opportunity to testify in favor of Senate Bill 622, which increases the individual income tax deduction for certain interest paid on qualified education loans.

This bill creates an individual income tax subtraction for interest paid by a claimant on certain qualified education loans, to the extent that the claimant has not already deducted such interest from his federal adjusted gross income. Under federal law, a deduction for qualified education loan interest exists but the deduction is capped at \$2,500 per year, and the maximum deduction amount is phased down to zero as the claimant's income rises to the annual income limit that is set under federal law.

Approximately 32,000 taxpayers with student loan debt will see tax relief totaling over \$5 million. This proposal provides real money in the pockets of taxpayers that are working hard to pay off student loan debt. This tax deduction would be the most generous of any state in the Midwest with an income tax. This deduction directly benefits middle-class Wisconsinites with an average benefit of more than \$200 annually for those making between \$30,000 and \$70,000.

The average Wisconsin college student graduates with around \$30,000 in student loan debt. If they pursue graduate education, that debt load can skyrocket. Under current law, thousands of dollars of student loan interest paid by these graduates every year is unclaimable. This bill provides real relief to thousands of Wisconsinites.

Thank you again for the opportunity to discuss SB 622.



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# JOHN J. MACCO

STATE REPRESENTATIVE • 88<sup>TH</sup> ASSEMBLY DISTRICT

February 17, 2016

Chair Harsdorf and members of the Senate Committee on Universities and Technical Colleges, thank you for holding a hearing on SB 622.

Wisconsin continues to make progress in the smart, efficient and effective management of our finances. Through difficult decision making and prudent stewardship, we've put forward balanced budgets, lived within our means and caught up with old debts.

In the last six years we permanently filled the funding gap in k-12 education, filled the gap in the physicians fund, filled the gap in the Unemployment Insurance fund, and put more money in the rainy day fund.

Because of our prudent management, we are able to work on more issues. Today we are working on a plan to tackle student debt in Wisconsin in SB 622. This bill will lift the federal cap of \$2500 of student loan interest payment deductibility while keeping income phase outs.

By doing so, this bill will directly help Wisconsinites who need it most. In other words, middle income tax payers with school loan debt. They will now be in an optimal position to take better advantage of the deductibility of their school loan interest.

I believe that we solve our student debt crisis by keeping the cost of higher education low, informing current students about their future debt while they are students and incentivizing payments of student loan interest payments. In doing so, Wisconsin will again be a leader in creating a new generation of career and community ready citizens.

Sincerely,

A handwritten signature in black ink, appearing to read "John J. Macco". The signature is written in a cursive style and is positioned above the printed name and title.

John J Macco  
Representative  
88<sup>th</sup> Assembly District