



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

1 EAST MAIN, SUITE 200
P. O. BOX 2037
MADISON, WI 53701-2037

LEGAL SECTION: (608) 266-3561
REFERENCE SECTION: (608) 266-0341
FAX: (608) 264-6948

STEPHEN R. MILLER
CHIEF

November 21, 2013

MEMORANDUM

To: Senator Hansen

From: Marc E. Shovers, Managing Attorney, (608) 266-0129

Subject: Technical Memorandum to **2013 SB 376** (LRB-3311/1) by **DOR**

We received the attached technical memorandum relating to your bill. This copy is for your information and your file.

If you wish to discuss this memorandum or the necessity of revising your bill or preparing an amendment, please contact me.

MEMORANDUM

November 8, 2013

TO: Marc Shovers
Legislative Reference Bureau

FROM: Mike Wagner
Department of Revenue

SUBJECT: Technical Memorandum on Senate Bill 376: Relating to Student Loans, the Individual Income Tax Subtract Modification for Tuition and Student Fees, Creating an Authority, to be Known as the Wisconsin Student Loan Refinancing Authority, Granting Rule-Making Authority, and Making an Appropriation

The Department has the following concerns related to the bill:

The bill allows a Wisconsin subtraction for amounts paid on a student loan. This will result in certain taxpayers receiving a double deduction for tuition, once when the tuition is paid and a second time when the loan that was used to pay the tuition is paid. It also allows a double deduction for the share of student loan interest that is currently deductible (up to \$2,500 of interest paid on a student loan).

The current tuition deduction is for tuition paid to attend schools in Wisconsin or in Minnesota under the tuition reciprocity agreement. Under this bill, the deduction for payments on a student loan is for expenses related to attendance at any regionally accredited, nonprofit, postsecondary educational institution.

The current deduction for tuition paid is limited to mandatory student fees. The deduction for loan payments includes the claimant's expenses for fees, etc., related to attendance at an eligible educational institution. It is unclear whether these fees would include non-mandatory items such as athletic fees, health service fees, fraternity/sorority fees; etc.

If you have any questions regarding this technical memorandum, please contact Brad Caruth at (608) 261-8984 or bradley.caruth@revenue.wi.gov.

cc: Senator Hansen