

*STATE OF WISCONSIN**REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS**2015 ASSEMBLY BILL 739*

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

**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 Assembly Bill 739, 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 Assembly Bill 739 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 Assembly Bill 739.

01/28/16

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