



State of Wisconsin  
2017 - 2018 LEGISLATURE

LRB-1551/3  
MES&ARG:jld&amn

2017 BILL

today

repeal

X

1 AN ACT to create 39.54, 71.05 (6) (a) 29. and 71.05 (6) (b) 53. of the statutes;  
2 relating to: creating an ~~individual~~ income tax deduction for interest and  
3 principal paid, and an add back for certain federal deductions taken, on student  
4 loans and requiring lenders to provide ~~interest and~~ principal information to  
5 persons from whom student loan payments are received.

of certain additional  
and interest

Analysis by the Legislative Reference Bureau

This bill creates an ~~individual~~ income tax subtract modification, or deduction, for interest or principal or both paid by a claimant on a loan taken out by a student, the proceeds of which are used to pay for tuition, fees, books, room and board, and educational supplies that are directly related to a student beneficiary's attendance at a regionally accredited, nonprofit, postsecondary educational institution (student loan). Any ~~individual~~, other than the student or the student's spouse, may claim the deduction under the bill. In addition, if the student loan interest deducted under the bill was also deducted by another individual on that other individual's federal income tax return, such a person must add to federal adjusted gross income the amount of the federal deduction claimed. The maximum annual deduction that a claimant may claim for each of his or her beneficiaries is the same amount as the maximum annual deduction that may be claimed for an amount contributed to a college savings program, or EdVest, account. Currently, this amount is \$3,100 per beneficiary per year, as modified by the contributor's filing status and as indexed for inflation.

The bill also requires lenders to track the source of student loan payments and to annually provide to each person from whom the lender received payment on a

PERSON ✓  
JNS ANL MES ✓  
JNS ANL MES ✓

JNS ANL AG ✓

**BILL**

student loan a form that identifies the total amount of principal and the total amount of interest paid by the person on the student loan.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

Insert 2-2 ✓

**SECTION 1.** 39.54 of the statutes is created to read:

**39.54 Student loan payment information.** (1) In this section:

(a) "Lender" means any person engaged in the business of originating or servicing student loans.

(b) "Student loan" means a loan taken out by a student, the proceeds of which are used to pay for tuition, fees, books, room and board, and educational supplies that are directly related to a person's attendance at an eligible educational institution, as defined in s. 18.81 (2).

(2) (a) Lenders shall maintain a database identifying the source of payment received by the lender in connection with a student loan.

(b) By February 15, 2019, and by February 15 of each year thereafter, lenders shall provide to any person from whom the lender received payment on a student loan during the immediately preceding calendar year a form that contains all of the following information:

(a) The name of the person who made the payment. ✓

and additional interest ✓

(b) The total amount of <sup>additional</sup> principal paid by the person on the student loan during the immediately preceding calendar year.

Insert 2-9 ✓

**BILL**

1 3. The total amount of interest paid by the person on the student loan during  
2 the immediately preceding calendar year.

3 SECTION 2. 71.05 (6) (a) 29. of the statutes is created to read:

4 71.05 (6) (a) 29. The amount of student loan interest deducted under section  
5 221 of the Internal Revenue Code, to the extent the student loan interest was also  
6 deducted under par. (b) 53<sup>✓</sup>, by an individual other than the taxpayer who claimed  
7 the subtraction under section 221 of the Internal Revenue Code.

8 SECTION 3. 71.05 (6) (b) 53. of the statutes is created to read:

9 71.05 (6) (b) 53. Subject to the limit specified in this subdivision, any amount  
10 of interest or principal or both paid by a claimant, directly to the lender, in the year  
11 to which the claim relates on a loan taken out by a student, the proceeds of which are  
12 used to pay for tuition, fees, books, room and board, and educational supplies that  
13 are directly related to the student beneficiary's attendance at an eligible educational

14 institution, as defined in s. 18.81 (2). Any <sup>✓</sup> individual, other than the student or  
15 ~~student's spouse,~~ <sup>person</sup> may claim the subtraction under this subdivision. The maximum  
16 amount that a claimant may subtract each year under this subdivision, for each of  
17 the claimant's beneficiaries, is the same amount that may be subtracted by a  
18 contributor under subd. 32. a., subject to the same provisions related to filing status  
19 and indexing that apply under that subdivision, except that no carryover is allowed  
20 under this subdivision. <sup>INS 3-20, NO IT ✓</sup>

21 SECTION 4. Initial applicability.

22 (1) The treatment of section 71.05 (6) (a) 29<sup>✓</sup> and (b) 53<sup>✓</sup> of the statutes first  
23 applies to taxable years beginning on January 1 of the year in which this subsection  
24 takes effect, except that if this subsection takes effect after July 31 this act first

but only to the extent that such a payment exceeds the required, scheduled amount that must be paid on the loan by the responsible party ✓

**BILL**

**SECTION 4**

1 applies to taxable years beginning on January 1 of the year following the year in  
2 which this subsection takes effect.

(END)

3  
insert  
4.2 ✓

1           **INSERT ANAL-AG:**

(no #) provide a notice to each person, other than the student borrower or his or her spouse, from whom the lender received payments of additional principal or additional interest during a calendar year if 1) the lender received timely periodic payments on the student loan during the calendar year; and 2) the lender also received payments of additional principal or additional interest from a person other than the student borrower or his or her spouse during the calendar year. The notice must be provided by February 15<sup>✓</sup> following the end of the calendar year and must identify the total amount of additional principal and additional interest paid by the person on the student loan during the calendar year. ✓

2

3           **INSERT 2-2:**

4           NO # **Notice of student loan payments from source other than student.** ✓

5

6           **INSERT 2-9:**

7           NO # If a lender has received timely periodic payments on a student loan during a calendar year and, during that calendar year, has also received payments of additional principal or additional interest from any person other than the student borrower or his or her spouse, then by February 15<sup>✓</sup> of the following year the lender shall provide a notice to each person, other than the student borrower or his or her spouse, from whom the lender received payments of additional principal or additional interest during that calendar year. This notice shall include

14

15           **INSERT 4-2:**

16           # (2) The treatment of section 39.54<sup>✓</sup> of the statutes first applies with respect to payments received during a calendar year that begins after the effective date of this subsection. ✓

18

(end ins 4-2)

2017-2018 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-1551/4insMES  
MES&ARG:jld&amn

INS -ANL-MES

~~NO~~ # , but only to the extent that such a payment<sup>✓</sup> exceeds the required, scheduled amount that must be paid on the loan by the responsible party ~~NO~~ #

~~NO~~ # INS-ANL-MES2 no par. ~~e~~  
The deduction created in the bill may not be claimed for amounts that the claimant uses to calculate the itemized deductions credit or for amounts that relate to tuition payments for which the claimant has already claimed a deduction under another provision of current law. ✓ ~~NO~~ #

INS 3-20

~~NO~~ # No amount may be subtracted under this subdivision<sup>✓</sup> by a claimant to the extent that the same amount is used to claim the credit under s. <sup>✓</sup>71.07 (5), or to the extent that the interest or principal relates to tuition payments for which the claimant has claimed a subtraction under subd. ~~28~~.

stet

**Gary, Aaron**

---

**From:** Shovers, Marc  
**Sent:** Friday, June 23, 2017 11:51 AM  
**To:** Gary, Aaron  
**Subject:** LRB -1551/4

Hi Aaron:

Hariah called and he has a couple changes for you.

Please delete "other than the student borrower or his or her spouse" on page 2 line 12 to page 3 line one, and delete "other than the student borrower or his or her spouse," from page 3, lines 2 and 3.

Thanks,

Marc



State of Wisconsin  
2017 - 2018 LEGISLATURE

Wanted  
Mm.  
6/26

in  
6/23

LRB-1551# 5  
MES&ARG:jld&amn

**2017 BILL**

4  
Regen

1 AN ACT *to create* 39.54, 71.05 (6) (a) 29. and 71.05 (6) (b) 53. of the statutes;  
2 **relating to:** creating an income tax deduction for interest and principal paid,  
3 and an add back for certain federal deductions taken, on student loans and  
4 requiring lenders to provide certain additional principal and interest  
5 information to persons from whom student loan payments are received.

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***Analysis by the Legislative Reference Bureau***

This bill creates an income tax subtract modification, or deduction, for interest or principal or both paid by a claimant on a loan taken out by a student, the proceeds of which are used to pay for tuition, fees, books, room and board, and educational supplies that are directly related to a student beneficiary's attendance at a regionally accredited, nonprofit, postsecondary educational institution (student loan), but only to the extent that such a payment exceeds the required, scheduled amount that must be paid on the loan by the responsible party. Any person may claim the deduction under the bill. In addition, if the student loan interest deducted under the bill was also deducted by another individual on that other individual's federal income tax return, such a person must add to federal adjusted gross income the amount of the federal deduction claimed. The maximum annual deduction that a claimant may claim for each of his or her beneficiaries is the same amount as the maximum annual deduction that may be claimed for an amount contributed to a college savings program, or EdVest, account. The deduction created in the bill may not be claimed for amounts that the claimant uses to calculate the itemized deductions credit or for



**BILL**

amounts that relate to tuition payments for which the claimant has already claimed a deduction under another provision of current law. Currently, this amount is \$3,100 per beneficiary per year, as modified by the contributor's filing status and as indexed for inflation.

The bill also requires lenders to provide a notice to each person other than the student borrower or his or her spouse, from whom the lender received payments of additional principal or additional interest during a calendar year if 1) the lender received timely periodic payments on the student loan during the calendar year; and 2) the lender also received payments of additional principal or additional interest from a person other than the student borrower or his or her spouse during the calendar year. The notice must be provided by February 15 following the end of the calendar year and must identify the total amount of additional principal and additional interest paid by the person on the student loan during the calendar year.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1           **SECTION 1.** 39.54 of the statutes is created to read:

2           **39.54 Notice of student loan payments from source other than student.**

3           **(1)** In this section:

4           (a) "Lender" means any person engaged in the business of originating or  
5 servicing student loans.

6           (b) "Student loan" means a loan taken out by a student, the proceeds of which  
7 are used to pay for tuition, fees, books, room and board, and educational supplies that  
8 are directly related to a person's attendance at an eligible educational institution, as  
9 defined in s. 18.81 (2).

10           **(2)** If a lender has received timely periodic payments on a student loan during  
11 a calendar year and, during that calendar year, has also received payments of  
12 additional principal or additional interest from any person other than the student

**BILL**

1 borrower or his or her spouse, then by February 15 of the following year the lender  
2 shall provide a notice to each person, other than the student borrower or his or her  
3 spouse, from whom the lender received payments of additional principal or  
4 additional interest during that calendar year. This notice shall include all of the  
5 following information:

6 (a) The name of the person who made the payment.

7 (b) The total amount of additional principal and additional interest paid by the  
8 person on the student loan during the immediately preceding calendar year.

9 **SECTION 2.** 71.05 (6) (a) 29. of the statutes is created to read:

10 71.05 (6) (a) 29. The amount of student loan interest deducted under section  
11 221 of the Internal Revenue Code, to the extent the student loan interest was also  
12 deducted under par. (b) 53., by an individual other than the taxpayer who claimed  
13 the subtraction under section 221 of the Internal Revenue Code.

14 **SECTION 3.** 71.05 (6) (b) 53. of the statutes is created to read:

15 71.05 (6) (b) 53. Subject to the limit specified in this subdivision, any amount  
16 of interest or principal or both paid by a claimant, directly to the lender, in the year  
17 to which the claim relates on a loan taken out by a student, the proceeds of which are  
18 used to pay for tuition, fees, books, room and board, and educational supplies that  
19 are directly related to the student beneficiary's attendance at an eligible educational  
20 institution, as defined in s. 18.81 (2), but only to the extent that such a payment  
21 exceeds the required, scheduled amount that must be paid on the loan by the  
22 responsible party. Any person may claim the subtraction under this subdivision. The  
23 maximum amount that a claimant may subtract each year under this subdivision,  
24 for each of the claimant's beneficiaries, is the same amount that may be subtracted  
25 by a contributor under subd. 32. a., subject to the same provisions related to filing

**BILL****SECTION 3**

1 status and indexing that apply under that subdivision, except that no carryover is  
2 allowed under this subdivision. No amount may be subtracted under this  
3 subdivision by a claimant to the extent that the same amount is used to claim the  
4 credit under s. 71.07 (5), or to the extent that the interest or principal relates to  
5 tuition payments for which the claimant has claimed a subtraction under subd. 28.

**SECTION 4. Initial applicability.**

7 (1) The treatment of section 71.05 (6) (a) 29. and (b) 53. of the statutes first  
8 applies to taxable years beginning on January 1 of the year in which this subsection  
9 takes effect, except that if this subsection takes effect after July 31 this act first  
10 applies to taxable years beginning on January 1 of the year following the year in  
11 which this subsection takes effect.

12 (2) The treatment of section 39.54 of the statutes first applies with respect to  
13 payments received during a calendar year that begins after the effective date of this  
14 subsection.

15 (END)

**Barman, Mike**

---

**From:** Shovers, Marc  
**Sent:** Monday, June 26, 2017 9:40 AM  
**To:** Barman, Mike  
**Subject:** FW: fiscal note request

Hi Mike:

Please request a FE, per Hariah.

Thanks,

Marc

---

**From:** Hutkowski, Hariah  
**Sent:** Monday, June 26, 2017 7:51 AM  
**To:** Shovers, Marc <Marc.Shovers@legis.wisconsin.gov>  
**Cc:** Jolly, Marie <Marie.Jolly@legis.wisconsin.gov>  
**Subject:** fiscal note request

Marc,

Could you put in a fiscal note request/revision for 1551/5? Thanks,

Sincerely,

Hariah Hutkowski  
*Research Assistant /Committee Clerk*  
**Rep. Thiesfeldt, Education Chair**  
52<sup>nd</sup> Assembly District (Fond du Lac)  
608-266-3156



## MEMORANDUM

DATE July 5, 2017

SUBJECT Technical memorandum to **2017 unIntroduced** (LRB-1551/5) by DOR

TO Representative Thiesfeldt

FROM Marc Shovers, Senior Legislative Attorney, (608) 266-0129

Aaron Gary, Senior Legislative Attorney, (608) 261-6926

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

June 29, 2017

**TO:** Marc Shovers  
Legislative Reference Bureau

**FROM:** Bob Schmidt  
Department of Revenue

**SUBJECT:** Technical Memorandum on LRB 1551/5: Relating to Creating an Income Tax Deduction for Interest and Principal Paid, and an Add Back for Certain Federal Deductions Taken, on Student Loans and Requiring Lenders to Provide Additional Principal and Interest Information to Persons from whom Student Loan Payments are Received

The Department has the following concerns related to the bill:

- **Statement to Claimant.** If the lender is not located in Wisconsin and does not have nexus in Wisconsin, the department may be unable to enforce the provision requiring a lender to send notices to the claimant under s. 39.54 (2).
  - In addition, to improve the identification of the claimant, DOR suggests adding the claimant's address to the notice. Revise sec. 39.54(2) (a), to read: The name and address of the person who made the payment.
- **Student's Spouse.** If the subtraction should not be eligible to be claimed by the student and the student's spouse, language should be added to 71.05 (6) (b) 53. stating this:

"Subject to the limit specified in this subdivision, any amount of interest or principal or both paid by a claimant, other than the student borrower or his or her spouse, directly to the lender..."
- **Grammar Change** on line 4 of the draft: Instead of "proceeds of which *are* used to pay tuition..." use "proceeds of which *were* used to pay tuition..."

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

## Barman, Mike

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**From:** Barman, Mike  
**Sent:** Wednesday, July 05, 2017 12:38 PM  
**To:** Rep.Thiesfeldt  
**Subject:** LRB-1551/5 (unintroduced) ... FE by DOR - attached - for your review



FE-1551\_DOR\_5...

Drafter: Marc Shovers, Senior Legislative Attorney, (608) 266-0129

*Mike Barman* (Lead Program Assistant)

State of Wisconsin - Legislative Reference Bureau - Legal Section - Front Office  
1 East Main Street, Suite 200, Madison, WI 53703  
(608) 266-3561 / [mike.barman@legis.wisconsin.gov](mailto:mike.barman@legis.wisconsin.gov)



**TO** Representative Thiesfeldt  
**FROM** LRB  
**SUBJECT** Fiscal estimate for LRB-1551/5

The fiscal estimate was prepared by DOR (agency abbreviation).

Fiscal estimate received from DOA and copy sent to requester via e-mail: **07/05/2017**

Per your request, the attached fiscal estimate was prepared for your un-introduced 2017 session draft.

If you have questions about attached fiscal estimate, you may contact the state agency representative who prepared the fiscal estimate. If you disagree with the enclosed fiscal estimate, please contact the LRB drafter of your proposal to discuss the options under the fiscal estimate procedure.

---

**TO** LRB Program Assistants

**SUBJECT** Fiscal estimate received for an un-introduced bill draft

- If redrafted, please insert this cover sheet and attached early fiscal estimate into the drafting file after the draft's old version (the version the fiscal estimate was based on) and before the redrafted version.
- If introduced, please make sure the attached fiscal estimate is for the current version. Write the draft's new introduction number below and give this packet to Mike or Lori to reprocess the fiscal estimate (with introduction number included).

**THIS DRAFT WAS INTRODUCED AS 2017 \_\_\_\_\_**





## Fiscal Estimate Narratives

DOR 7/3/2017

LRB Number	17-1551/5	Introduction Number	Estimate Type	Original
<b>Description</b> creating an income tax deduction for interest and principal paid, and an add back for certain federal deductions taken, on student loans and requiring lenders to provide additional principal and interest information to persons from whom student loan payments are received				

### Assumptions Used in Arriving at Fiscal Estimate

This bill creates an individual income tax deduction for amounts paid by a claimant during the year on a student loan for expenses directly related to attendance at a regionally accredited, nonprofit, post-secondary educational institution. The deduction is only available to the extent that such a payment exceeds the required, scheduled amount that must be paid on the loan by the responsible party. The portion of student loan interest deducted under this bill and by another person under the current law deduction must be added back by the individual taking the current law deduction.

The maximum annual deduction that a claimant may claim for each of his or her beneficiaries is the same amount as the maximum annual deduction that may be claimed for an amount contributed to a college savings account. In tax year 2017, the amount is \$3,140 per beneficiary (or \$1,570 if the claimant is married filing separately). This amount is indexed for inflation.

Based on student loan interest statements (form 1098-E) issued by lenders, a deduction for student loan interest and principal that is capped at the deductible amount of college savings accounts would reduce revenue by approximately \$40.6 million in fiscal year 2018 and \$41.9 million in fiscal year 2019, with similar annual amounts thereafter.

The amount by which these payments exceed the required, scheduled repayment amount is unknown, so the fiscal effect is also unknown. As an example, after taking account of the add back, if 10% of payments exceed the required, scheduled repayment, the bill would reduce revenue by approximately \$4.1 million in fiscal year 2018 and \$4.2 million in fiscal year 2019, with similar amounts thereafter. To the extent that taxpayers accelerate their payments by more/less than the 10% figure shown in the example, the fiscal effect would be larger/smaller.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2017 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 17-1551/5	<b>Introduction Number</b>	
<b>Description</b> creating an income tax deduction for interest and principal paid, and an add back for certain federal deductions taken, on student loans and requiring lenders to provide additional principal and interest information to persons from whom student loan payments are received		
<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, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$See Text	\$
<b>Agency/Prepared By</b>		
<b>Authorized Signature</b>		<b>Date</b>
DOR/ Bradley Caruth (608) 261-8984		Jamie Adams (608) 266-6785
		7/3/2017

MEMORANDUM

June 29, 2017

Instructions for / 6

**TO:** Marc Shovers  
Legislative Reference Bureau

**FROM:** Bob Schmidt  
Department of Revenue

**SUBJECT:** Technical Memorandum on LRB 1551/5: Relating to Creating an Income Tax Deduction for Interest and Principal Paid, and an Add Back for Certain Federal Deductions Taken, on Student Loans and Requiring Lenders to Provide Additional Principal and Interest Information to Persons from whom Student Loan Payments are Received

The Department has the following concerns related to the bill:

- Statement to Claimant. If the lender is not located in Wisconsin and does not have nexus in Wisconsin, the department may be unable to enforce the provision requiring a lender to send notices to the claimant under s. 39.54 (2).
- In addition, to improve the identification of the claimant, DOR suggests adding the claimant's address to the notice. Revise sec. 39.54(2) (a), to read: The name and address of the person who made the payment.
- Student's Spouse. If the subtraction should not be eligible to be claimed by the student and the student's spouse, language should be added to 71.05 (6) (b) 53. stating this:  
"Subject to the limit specified in this subdivision, any amount of interest or principal or both paid by a claimant, other than the student borrower or his or her spouse, directly to the lenders..."
- Grammar Change on line 4 of the draft: Instead of "proceeds of which are used to pay tuition..." use "proceeds of which were used to pay tuition..."

do

This is the point of the bill

pass, do it, need a

page 2, line 2,

not done

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State of Wisconsin  
2017 - 2018 LEGISLATURE

LRB-1551/5  
MES&ARG:jld&amr

*fma*

2017 BILL

*today*

*repen*

*L4*

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**BILL**

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The bill also requires lenders to provide a notice to each person from whom the lender received payments of additional principal or additional interest during a calendar year if 1) the lender received timely periodic payments on the student loan during the calendar year; and 2) the lender also received payments of additional principal or additional interest during the calendar year. The notice must be provided by February 15 following the end of the calendar year and must identify the total amount of additional principal and additional interest paid by the person on the student loan during the calendar year.

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5 servicing student loans.

6           (b) "Student loan" means a loan taken out by a student, the proceeds of which  
7 are used to pay for tuition, fees, books, room and board, and educational supplies that  
8 are directly related to a person's attendance at an eligible educational institution, as  
9 defined in s. 18.81 (2).

10           (2) If a lender has received timely periodic payments on a student loan during  
11 a calendar year and, during that calendar year, has also received payments of  
12 additional principal or additional interest from any person, then by February 15 of  
13 the following year the lender shall provide a notice to each person from whom the

**BILL**

1 lender received payments of additional principal or additional interest during that  
2 calendar year. This notice shall include all of the following information:

- 3 (a) The name <sup>and address</sup> of the person who made the payment. ✓  
4 (b) The total amount of additional principal and additional interest paid by the  
5 person on the student loan during the immediately preceding calendar year.

6 **SECTION 2.** 71.05 (6) (a) 29. ✓ of the statutes is created to read:

7 71.05 (6) (a) 29. The amount of student loan interest deducted under section  
8 221 of the Internal Revenue Code, to the extent the student loan interest was also  
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15 used to pay for tuition, fees, books, room and board, and educational supplies that  
16 are directly related to the student beneficiary's attendance at an eligible educational  
17 institution, as defined in s. 18.81 (2), but only to the extent that such a payment  
18 exceeds the required, scheduled amount that must be paid on the loan by the  
19 responsible party. Any person may claim the subtraction under this subdivision. The  
20 maximum amount that a claimant may subtract each year under this subdivision,  
21 for each of the claimant's beneficiaries, is the same amount that may be subtracted  
22 by a contributor under subd. 32. a., subject to the same provisions related to filing  
23 status and indexing that apply under that subdivision, except that no carryover is  
24 allowed under this subdivision. No amount may be subtracted under this  
25 subdivision by a claimant to the extent that the same amount is used to claim the

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1 credit under s. 71.07 (5), or to the extent that the interest or principal relates to  
2 tuition payments for which the claimant has claimed a subtraction under subd. 28.

3 **SECTION 4. Initial applicability.**

4 (1) The treatment of section 71.05 (6) (a) 29. and (b) 53. of the statutes first  
5 applies to taxable years beginning on January 1 of the year in which this subsection  
6 takes effect, except that if this subsection takes effect after July 31 this act first  
7 applies to taxable years beginning on January 1 of the year following the year in  
8 which this subsection takes effect.

9 (2) The treatment of section 39.54 of the statutes first applies with respect to  
10 payments received during a calendar year that begins after the effective date of this  
11 subsection.

12 (END)



**Walker, Dan**

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**From:** Hutkowski, Hariah  
**Sent:** Tuesday, January 23, 2018 9:31 AM  
**To:** LRB.Legal  
**Subject:** Draft Review: LRB -1551/6

Please Jacket LRB -1551/6 for the ASSEMBLY.