

### Fiscal Estimate - 2017 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 17-1551/6	<b>Introduction Number</b> AB-0933	
<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>Fiscal Effect</b>  <b>State:</b> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
<b>Local:</b> <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue      5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
<b>Fund Sources Affected</b> <b>Affected Ch. 20 Appropriations</b> <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS		
<b>Agency/Prepared By</b> DOR/ Bradley Caruth (608) 261-8984	<b>Authorized Signature</b> Michael Oakleaf (608) 261-5173	<b>Date</b> 2/14/2018

## Fiscal Estimate Narratives

DOR 2/14/2018

LRB Number	17-1551/6	Introduction Number	AB-0933	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 2018, the amount is \$3,200 per beneficiary (or \$1,600 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 \$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 \$4.2 million in fiscal year 2019, with similar amounts annually 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

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  Updated
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<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>		
	<b>Increased Rev</b>	<b>Decreased Rev</b>
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	Michael Oakleaf (608) 261-5173	2/14/2018