



State of Wisconsin  
2015 - 2016 LEGISLATURE

LRBs0398/1  
MES:ah&wlj

**SENATE SUBSTITUTE AMENDMENT 1,  
TO SENATE BILL 622**

March 2, 2016 - Offered by Senators HANSEN and BEWLEY.

1 **AN ACT to amend** 71.05 (6) (b) 28. (intro.), am. and h.; and **to create** 71.05 (6)  
2 (b) 28. j. of the statutes; **relating to:** the individual income tax subtract  
3 modification for tuition and student fees.

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

This substitute amendment sunsets the phase-out provisions for the individual income tax deduction for certain higher education costs, and it expands the definition of tuition expenses to include any amount paid by a claimant in the year to which the claim relates on a student loan, the proceeds of which were used by the claimant to pay the claimant's expenses for tuition, fees, books, room and board, and educational supplies that were directly related to the claimant's attendance at an eligible institution. The substitute amendment defines eligible institution as a regionally accredited, nonprofit, postsecondary educational institution.

Currently, there is an individual income tax subtraction for amounts paid by a claimant for tuition expenses and mandatory student fees for a student who is the claimant or the claimant's dependent under the Internal Revenue Code, to attend an institution of higher education that is approved by the Educational Approval Board and that is located in Wisconsin, or to attend certain postsecondary schools in Minnesota to which the Minnesota-Wisconsin reciprocity agreement applies. The tuition expenses and fees for which a subtraction may be claimed are calculated based on the amount of tuition charged by the UW System at four-year institutions.

Also under current law, the subtraction that a claimant may claim for such tuition expenses and mandatory student fees is reduced as the claimant's annual federal adjusted gross income (FAGI) increases until, at a certain point, no subtraction may be claimed. Currently, the allowable subtraction phases out, for a single person or a married person filing as a head of household, as the claimant's FAGI increases from \$50,000 to \$60,000. Once such a claimant's FAGI exceeds \$60,000, he or she may not claim the subtraction. For a married person filing a joint return, the phaseout occurs as the married couple's joint FAGI increases from \$80,000 to \$100,000, and no subtraction is allowed once the married couple's joint FAGI exceeds \$100,000. The phaseout for a married person filing a separate return occurs as the claimant's FAGI increases from \$40,000 to \$50,000, and no subtraction is allowed once the claimant's FAGI exceeds \$50,000.

Under this substitute amendment, the phase-out provisions do not apply to a taxable year that begins after December 31, 2015.

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

1           **SECTION 1.** 71.05 (6) (b) 28. (intro.), am. and h. of the statutes are amended to  
2 read:

3           71.05 **(6)** (b) 28. (intro.) An amount paid by a claimant for tuition expenses,  
4 including any amount paid by a claimant in the year to which the claim relates on  
5 a loan, the proceeds of which were used by the claimant to pay the claimant's  
6 expenses for tuition, fees, books, room and board, and educational supplies that were  
7 directly related to the claimant's attendance at an eligible educational institution,  
8 as defined in s. 18.81 (2), and mandatory student fees for a student who is the  
9 claimant or who is the claimant's child and the claimant's dependent who is claimed  
10 under section 151 (c) of the Internal Revenue Code, to attend any university, college,  
11 technical college or a school approved under s. 38.50, that is located in Wisconsin or  
12 to attend a public vocational school or public institution of higher education in  
13 Minnesota under the Minnesota-Wisconsin reciprocity agreement under s. 39.47,  
14 calculated as follows:

1 am. Notwithstanding subd. 28. a., for taxable years beginning after December  
2 31, 2008, the department of revenue and the Board of Regents of the University of  
3 Wisconsin System shall continue making the calculation described under subd. 28.  
4 a. Notwithstanding subd. 28. a., once this calculation exceeds \$6,000, the deduction  
5 for tuition expenses, including any amount paid by a claimant in the year to which  
6 the claim relates on a loan, the proceeds of which were used by the claimant to pay  
7 the claimant's expenses for tuition, fees, books, room and board, and educational  
8 supplies that were directly related to the claimant's attendance at an eligible  
9 educational institution, as defined in s. 18.81 (2), and mandatory student fees, as  
10 described in subd. 28. (intro.), shall be based on an amount equal to not more than  
11 twice the average amount charged by the Board of Regents of the University of  
12 Wisconsin System at 4-year institutions for resident undergraduate academic fees  
13 for the most recent fall semester, as determined by the Board of Regents by  
14 September 1 of that semester, per student for each year to which the claim relates,  
15 and the deduction that may be claimed under this subd. 28. am. first applies to  
16 taxable years beginning on the January 1 after the calculation of the Board of  
17 Regents, that must occur by September 1, exceeds \$6,000.

18 h. No modification may be claimed under this subdivision for an amount paid  
19 for tuition expenses, including any amount paid by a claimant in the year to which  
20 the claim relates on a loan, the proceeds of which were used by the claimant to pay  
21 the claimant's expenses for tuition, fees, books, room and board, and educational  
22 supplies that were directly related to the claimant's attendance at an eligible  
23 educational institution, as defined in s. 18.81 (2), and mandatory student fees, as  
24 described under this subdivision, if the source of the payment is an amount  
25 withdrawn from a college savings account, as described in s. 16.641 or from a college

1 tuition and expenses program, as described in s. 16.64, and if the owner of the  
2 account or a parent, grandparent, great-grandparent, aunt, or uncle of the  
3 beneficiary, who contributed to the account, has claimed a deduction under subd. 32.  
4 or 33. that relates to such an amount.

5 **SECTION 2.** 71.05 (6) (b) 28. j. of the statutes is created to read:

6 71.05 (6) (b) 28. j. The provisions of subd. 28. b., c., d., and g. do not apply to  
7 a taxable year that begins after December 31, 2015.

8 **SECTION 3. Initial applicability.**

9 (1) TUITION EXPENSES DEDUCTION. This act first applies to taxable years  
10 beginning on January 1 of the year in which this subsection takes effect, except that  
11 if this subsection takes effect after July 31 this act first applies to taxable years  
12 beginning on January 1 of the year following the year in which this subsection takes  
13 effect.

14 (END)