



2015 ASSEMBLY BILL 739

January 19, 2016 - 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. Referred to Committee on Colleges and Universities.

1 **AN ACT** *to create* 71.05 (6) (b) 53. of the statutes; **relating to:** creating an
2 individual income tax deduction for certain interest paid on qualified education
3 loans.

Analysis by the Legislative Reference Bureau

This bill creates an individual income tax subtract modification, or deduction, for interest paid by a claimant on certain qualified education loans, to the extent that the claimant has not already deducted such interest from his federal taxes. Under federal law, a deduction for qualified education loan interest exists but the deduction is capped at \$2,500 per year, and the maximum deduction amount is phased down to zero as the claimant's income rises to the annual income limit that is set under federal law.

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:

4 **SECTION 1.** 71.05 (6) (b) 53. of the statutes is created to read:

ASSEMBLY BILL 739**SECTION 1**

1 71.05 **(6)** (b) 53. Interest paid by a claimant in the year to which the claim
2 relates on a qualified education loan, as that term is used in section 221 of the
3 Internal Revenue Code, calculated as follows:

4 a. Determine the amount that would be allowed as a deduction under section
5 221 of the Internal Revenue Code if it were calculated without regard to the
6 limitation under section 221 (b) (1) of the Internal Revenue Code.

7 b. From the amount calculated under subd. 53. a., subtract the amount the
8 claimant deducted from gross income for a qualified education loan, in the year to
9 which the claim relates, in the claimant's calculation of federal adjusted gross
10 income.

11 **SECTION 2. Initial applicability.**

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

16 **(END)**