

Fiscal Estimate - 2003 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-1418/2	Introduction Number AB-209
Subject	
Allow Edvest tax deduction to be claimed by great-grandparents, aunts, uncles	
Fiscal Effect	
State:	
<input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Create New Appropriations	
<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs	
Local:	
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate	
1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected	
<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	
Affected Ch. 20 Appropriations	
Agency/Prepared By	
DOR/ Karyn Kriz (608) 261-8984	
Authorized Signature	
Dennis Collier (608) 266-5773	
Date	
4/10/2003	

Fiscal Estimate Narratives

DOR 4/10/2003

LRB Number	03-1418/2	Introduction Number	AB-209	Estimate Type	Original
Subject					
Allow Edvest tax deduction to be claimed by great-grandparents, aunts, uncles					

Assumptions Used in Arriving at Fiscal Estimate

Wisconsin allows for a deduction of \$3,000 from federal adjusted gross income (FAGI) for contributions made to an EdVest account, a college tuition and expenses program, if the beneficiary is one of the following: the claimant, the claimant's dependent, or the claimant's grandchild. The proposed bill would allow the deduction when the beneficiary is the claimant's great-grandchild, niece, or nephew.

According to EdVest, aunts, uncles, and great-grandparents opened about 600 new accounts in 2002. Assuming an additional 600 new accounts are opened annually by aunts, uncles, and great-grandparents, contributions made to these accounts would be about \$430,000 annually. Assuming an effective marginal tax rate of 5.5%, the fiscal effect of this bill would be about \$24,000 ($\$430,000 \times .055$).

The fiscal effect may be slightly understated, as the data does not include the Tomorrow's Scholar accounts portion of the EdVest program. More than 95% of all Tomorrow's Scholar accounts are owned by non-residents and the revenue impact to the state is minimal.

The Department would incur minimal administrative costs that could be absorbed within the agency's budget.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

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Subject			
Allow Edvest tax deduction to be claimed by great-grandparents, aunts, uncles			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$		
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$	\$-24,000	
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$	\$-24,000	
NET ANNUALIZED FISCAL IMPACT			
	<u>State</u>	<u>Local</u>	
NET CHANGE IN COSTS	\$	\$	
NET CHANGE IN REVENUE	\$-24,000	\$	
Agency/Prepared By		Authorized Signature	Date
DOR/ Karyn Kriz (608) 261-8984		Dennis Collier (608) 266-5773	4/10/2003