

STATE OF WISCONSIN
REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS

2003 SENATE BILL 217

[Introduced by Senators Kanavas, Darling, Stepp, Schultz and Roessler; cosponsored by Representatives M. Lehman, Kreibich, Nischke, Jensen, Kestell, Olsen, Pettis, Turner, Albers, Ainsworth, Kaufert, Bies, Ladwig, Vrakas, Van Roy, Gunderson, Lothian, Hines, Ott, F. Lasee, Townsend, Stone, Taylor and Pocan.]

General Nature of Proposal

Under the state's EdVest programs, contributions to the state's college savings programs may be deducted from a contributor's income if the beneficiary of the account is: (1) the claimant; (2) the claimant's child and the claimant's dependent; or (3) the claimant's grandchild. The maximum deduction allowed under current law is \$3,000 for each beneficiary.

The bill authorizes a deduction for amounts contributed by a divorced or legally separated parent of a child regardless of whether the child is his or her dependent. In addition, the bill provides that the annual maximum deduction is \$1,500 per claimant for a married person who files a separate return.

The provisions of the bill would first apply to tax years beginning on January 1, 2004, unless the bill takes effect after July 31, in which case provisions of the bill would first apply to tax years beginning on January 1, 2005.

Legality Involved

There are no issues of legality involved.

Fiscal Effect Upon the State and Its Subdivisions

The Department of Revenue explains the fiscal effect of the bill as follows:

Wisconsin allows for a deduction of \$3,000 from federal adjusted gross income for contributions made to an EdVest account, a college tuition savings program, if the beneficiary is one of the following: the claimant; the claimant's dependent; or the claimant's grandchild. The bill would allow the deduction when the beneficiary is the claimant's child regardless of whether or not the child is also the claimant's dependent. The proposed bill would limit the deduction to \$1,500 of contributions made to an EdVest account by married separate filers.

The fiscal effect of this bill is indeterminate because the number of divorced and legally separated tax filers contributing money to an EdVest account for their children is unknown.

Public Policy Involved

The bill is good public policy.

3/03/04

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