

2007 DRAFTING REQUEST

Assembly Amendment (AA-SSA1-SB40)

Received: **06/26/2007**

Received By: **mshovers**

Wanted: **As time permits**

Identical to LRB:

For: **Legislative Fiscal Bureau 7-7597**

By/Representing: **Russell**

This file may be shown to any legislator: **NO**

Drafter: **mshovers**

May Contact:

Addl. Drafters:

Subject: **Tax, Individual - dedct/sbtrct**

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

LFB:.....Russell -

Topic:

Expand individual income tax EdVest deduction to include out of state 529 plans

Instructions:

First applies TY beginning on 1/1/08. Based on 2005 SB 293 (05-3255)

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mshovers 06/26/2007	bkraft 06/26/2007		_____			
/1			sherritz 06/26/2007	_____	lparisi 06/26/2007		
/2	mshovers 06/27/2007	lkunkel 06/28/2007	pgreensl 06/28/2007	_____	lparisi 06/28/2007		

FE Sent For:

<END>

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/?	mshovers 06/26/2007	bkraft 06/26/2007					
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/1			sherritz 06/26/2007		lparisi 06/26/2007		
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1/2/mk 6/28



<END>

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11 MES 6/26/07

FE Sent For:

<END>



State of Wisconsin
2007 - 2008 LEGISLATURE

LRBb0678/1
MES:.....

*6jk
mk*
Rmk

LFB:.....Russell - Expand individual income tax EdVest deduction to include out of state 529 plans

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

ASSEMBLY AMENDMENT ,

TO SENATE SUBSTITUTE AMENDMENT 1,

TO 2007 SENATE BILL 40

*SA ✓
X-rcd ✓*

D-NOTE

1
2
3
4
5
6

At the locations indicated, amend the substitute amendment as follows:

1. Page 868, line 9: after that line insert:

INS 1-2

2. Page 1661, line 23: after that line insert:

EDVEST CS

“(3) OUT OF STATE 529 PLANS. The treatment of section 71.05 (6) (b) 31. and 32.

(intro.) of the statutes first applies to taxable years beginning on January 1, 2008.”

(END)

INS
1-2
P. 10/2

2005 SENATE BILL 293

August 19, 2005 - Introduced by Senators S. FITZGERALD, GROTHMAN, HARSDFORF, A. LASEE, LASSA, LAZICH, REYNOLDS, ROESSLER and STEPP, cosponsored by Representatives JENSEN, GUNDERSON, BIES, BALLWEG, ALBERS, HINES, GUNDRUM, GRONEMUS, KREIBICH, KRAWCZYK, LEMAHIEU, LOTHIAN, MCCORMICK, PETROWSKI, RHOADES, TOWNSEND and WOOD. Referred to Joint Committee on Finance.

1 **AN ACT to amend** 71.05 (6) (b) 31. and 71.05 (6) (b) 32. (intro.) of the statutes;
2 **relating to:** allowing an individual income tax deduction for certain amounts
3 contributed to any section 529 college tuition program.

Analysis by the Legislative Reference Bureau

Under current law, there exists a college savings program, commonly referred to as "EdVest II," under which anyone may open an account for a prospective student, regardless of the contributor's relationship to the beneficiary. Individuals may open accounts for themselves, and a prospective student may be the beneficiary of more than one college savings account. Contributions made to an account set up under the program, up to a limit of \$3,000 each year for each beneficiary, may be deducted from a contributor's income in the calculation of his or her income taxes if the beneficiary of the account is one of the following: the claimant; the claimant's child and the claimant's dependent under the Internal Revenue Code; the claimant's grandchild; the claimant's great-grandchild; or the claimant's niece or nephew. EdVest II is Wisconsin's version of a qualified tuition program that is authorized under federal law and is commonly referred to as a "section 529 plan."

Under this bill, the current law income tax deduction for contributions to Wisconsin's section 529 plan is expanded to apply to contributions to the section 529 plan of any state.

Also under current law, there exists another program, the college tuition and expenses program, commonly referred to as "EdVest I," under which a contributor may purchase "tuition units" that can be used to pay qualified educational costs on behalf of a beneficiary.

SENATE BILL 293

Currently, the total amount for which a deduction may be claimed under the college tuition and expenses program and the college savings program, per beneficiary, by any claimant, may not exceed \$3,000 each year and, in the case of a married couple filing a joint return, the total annual deduction under these two programs, per beneficiary, claimed by the married couple may not exceed \$3,000. This provision of current law is not changed by the bill.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this 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:

INS
1-2
2.2012

1 SECTION 1. 71.05 (6) (b) 31. of the statutes is amended to read:

2 71.05 (6) (b) 31. Any increase in value of ~~a college savings account~~, as described
3 in s. 14.64 any qualified tuition program, as that term is defined in 26 USC 529 (b)
4 (1), except that the subtraction under this subdivision may not be claimed by any
5 individual who has made a nonqualified withdrawal, as described in s. 14.64 (2) (e).

6 SECTION 2. 71.05 (6) (b) 32. (intro.) of the statutes is amended to read:

7 71.05 (6) (b) 32. (intro.) An amount paid into ~~a college savings account~~, as
8 described in s. 14.64 any qualified tuition program, as that term is defined in 26 USC
9 529 (b) (1), if the beneficiary of the account is one of the following: the claimant; the
10 claimant's child and the claimant's dependent who is claimed under section 151 (c)
11 of the Internal Revenue Code; the claimant's grandchild; the claimant's
12 great-grandchild; or the claimant's niece or nephew; calculated as follows:

SECTION 3. Initial applicability.

(1) This act first applies to taxable years beginning on January 1 of the year in which this subsection takes effect, except that if this subsection takes effect after

end of ins 1-2

NOTE

SENATE BILL 293

1 July 31, this act first applies to taxable years beginning on January 1 of the year
2 following the year in which this subsection takes effect.

3 (END)

D-NOTE

Faith Russell:

Do you want ^{S.} P. 71.05 ^A(6) ^A(6) ^A28 ^h to
amended to include a reference to out
of state 529 plans?

MES

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRBb0678/1dn
MES:bjk&lmk:sh

June 26, 2007

Faith Russell:

Do you want s. 71.05 (6) (b) 28. h. amended to include a reference to out of state 529 plans?

Marc E. Shovers
Senior Legislative Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.wisconsin.gov



State of Wisconsin
2007 - 2008 LEGISLATURE

LRBb0678/1
MES:bjk&lmk:sh
STAS
RMR

LFB:.....Russell - Expand individual income tax EdVest deduction to include out of state 529 plans

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

ASSEMBLY AMENDMENT ,

TO SENATE SUBSTITUTE AMENDMENT 1,

TO 2007 SENATE BILL 40

*FNS
1-1*

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 868, line 9: after that line insert:

3 **"SECTION 1954e.** 71.05 (6) (b) 31. of the statutes is amended to read:

4 71.05 (6) (b) 31. Any increase in value of ~~a college savings account~~, as described
5 ~~in s. 14.64~~ any qualified tuition program, as that term is defined in 26 USC 529 (b)
6 (1), except that the subtraction under this subdivision may not be claimed by any
7 individual who has made a nonqualified withdrawal, as described in s. 14.64 (2) (e).

8 **SECTION 1954g.** 71.05 (6) (b) 32. (intro.) of the statutes is amended to read:

9 71.05 (6) (b) 32. (intro.) An amount paid into ~~a college savings account~~, as
10 ~~described in s. 14.64~~ any qualified tuition program, as that term is defined in 26 USC

1 529 (b) (1), if the beneficiary of the account is one of the following: the claimant; the
2 claimant's child and the claimant's dependent who is claimed under section 151 (c)
3 of the Internal Revenue Code; the claimant's grandchild; the claimant's
4 great-grandchild; or the claimant's niece or nephew; calculated as follows:".

5 **2.** Page 1661, line 23: after that line insert:

6 "(3x) EDVEST; OUT OF STATE 529 PLANS. The treatment of section 71.05 (6) (b) 31.
7 and 32. (intro.) of the statutes first applies to taxable years beginning on January 1,
8 2008."

9 *JMK 2-8* →

(END)

28. h. 1

(with respect to the extent that it relates to a qualified tuition plan under 26 USC 529(b)(1))

2007-2008 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBb0678/2ins
MES:bjk&lmk:sh

INS 1-1

~~1. Page 868, line 6: delete "a college".~~ *read substitute*

2. Page 868, line 7: delete "savings account, as described in s. 14.64" and substitute "~~a college savings account, as described in s. 14.64~~ any qualified tuition program, as that term is defined in 26 USC 529 (b) (1)".

end of INS 1

INS 2-8

#. Page 1663, line 16: after "statutes" insert subdivision 28. h.
"with respect to the extent that" refers to
"mandatory student fees" and changes
"claimant" to "owner of the account".

end of ins 2-8



State of Wisconsin
2007 - 2008 LEGISLATURE

LRBb0678/2
MES:bjk&lmk:pg

LFB:.....Russell - Expand individual income tax EdVest deduction to include
out of state 529 plans

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

ASSEMBLY AMENDMENT ,

TO SENATE SUBSTITUTE AMENDMENT 1,

TO 2007 SENATE BILL 40

- 1 At the locations indicated, amend the substitute amendment as follows:
- 2 **1.** Page 868, line 6: delete “a college”.
- 3 **2.** Page 868, line 7: delete “savings account, as described in s. 14.64” and
4 substitute “a college savings account, as described in s. 14.64 any qualified tuition
5 program, as that term is defined in 26 USC 529 (b) (1)”.
- 6 **3.** Page 868, line 9: after that line insert:
- 7 “**SECTION 1954e.** 71.05 (6) (b) 31. of the statutes is amended to read:
- 8 71.05 (6) (b) 31. Any increase in value of ~~a college savings account, as described~~
9 ~~in s. 14.64~~ any qualified tuition program, as that term is defined in 26 USC 529 (b)

1 (1), except that the subtraction under this subdivision may not be claimed by any
2 individual who has made a nonqualified withdrawal, as described in s. 14.64 (2) (e).

3 **SECTION 1954g.** 71.05 (6) (b) 32. (intro.) of the statutes is amended to read:

4 71.05 (6) (b) 32. (intro.) An amount paid into ~~a college savings account, as~~
5 ~~described in s. 14.64~~ any qualified tuition program, as that term is defined in 26 USC
6 529 (b) (1), if the beneficiary of the account is one of the following: the claimant; the
7 claimant's child and the claimant's dependent who is claimed under section 151 (c)
8 of the Internal Revenue Code; the claimant's grandchild; the claimant's
9 great-grandchild; or the claimant's niece or nephew; calculated as follows:"

10 **4.** Page 1661, line 23: after that line insert:

11 "(3x) EDVEST; OUT OF STATE 529 PLANS. The treatment of section 71.05 (6) (b) 28.
12 h., (with respect to the extent that it relates to a qualified tuition plan under 26 USC
13 529 (b) (1)), 31., and 32. (intro.) of the statutes first applies to taxable years beginning
14 on January 1, 2008."

15 **5.** Page 1663, line 16: after "statutes" insert "(with respect to the extent that
16 subdivision 28. h. refers to "mandatory student fees" and changes "claimant" to
17 "owner of the account")".

18 (END)