

Fiscal Estimate - 2009 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 09-1474/2	Introduction Number AB-0135
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Description
 Allowing an individual income tax deduction for certain amounts contributed by a divorced or legally separated parent to his or her child's college savings account or college tuition and expenses program and limiting the deduction that may be claimed by a married person who files separately

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Decrease Existing Revenues	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Decrease Costs

Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <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
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<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	

Agency/Prepared By DOR/ Bradley Caruth (608) 261-8984	Authorized Signature Rebecca Boldt (608) 266-6785	Date 3/18/2009
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Fiscal Estimate Narratives

DOR 3/18/2009

LRB Number	09-1474/2	Introduction Number	AB-0135	Estimate Type	Original
Description Allowing an individual income tax deduction for certain amounts contributed by a divorced or legally separated parent to his or her child's college savings account or college tuition and expenses program and limiting the deduction that may be claimed by a married person who files separately					

Assumptions Used in Arriving at Fiscal Estimate

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, for each beneficiary if the beneficiary is one of the following: the claimant, the claimant's child and dependent, the claimant's grandchild, the claimant's great-grandchild, or the claimant's niece or nephew.

In the case of divorced parents current law allows a maximum \$3,000 deduction per child to the parent who may claim the child as a dependent and allows no deduction to the parent who may not claim the child as a dependent. 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. Under the bill, each former spouse is allowed to deduct their contribution to an EdVest account subject to the limitation that the total deduction by the formerly married couple does not exceed \$3,000 per beneficiary.

The proposed bill would also limit the deduction to \$1,500 of contributions made to an EdVest account for each beneficiary by married separate filers.

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

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

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Description Allowing an individual income tax deduction for certain amounts contributed by a divorced or legally separated parent to his or her child's college savings account or college tuition and expenses program and limiting the deduction that may be claimed by a married person who files separately			
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	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues	\$		\$
NET ANNUALIZED FISCAL IMPACT			
	State		Local
NET CHANGE IN COSTS	\$		\$
NET CHANGE IN REVENUE	\$SeeText		\$
Agency/Prepared By			
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		Rebecca Boldt (608) 266-6785	
			Date
			3/18/2009