

**2013 DRAFTING REQUEST**

**Bill**

Received: 11/27/2012 Received By: mshovers  
Wanted: As time permits Same as LRB:  
For: Jeremy Thiesfeldt (608) 266-3156 By/Representing: Hariah  
May Contact: Drafter: mshovers  
Subject: Tax, Individual - dedct/sbtrct Addl. Drafters:  
Extra Copies:

Submit via email: YES  
Requester's email: Rep.Thiesfeldt@legis.wi.gov  
Carbon copy (CC) to:

**Pre Topic:**

No specific pre topic given

**Topic:**

Individual income tax deduction for contributions to Coverdale Savings Accounts. Redraft 2011 AB 466 (LRB 11-3148) and AA 1 (LRBa2132/3)

**Instructions:**

Create an individual income tax deduction for contributions to Coverdale Savings Accounts

**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 11/28/2012	jdye 11/29/2012		_____			
/1			phenry 11/29/2012	_____	srose 11/29/2012	sbasford 12/5/2012	State Tax

FE Sent For:

→ A+ Intro.

<END>

2013 DRAFTING REQUEST

Bill

Received: 11/27/2012 Received By: mshovers  
 Wanted: As time permits Companion to LRB:  
 For: Jeremy Thiesfeldt (608) 266-3156 By/Representing: Hariah  
 May Contact: Drafter: mshovers  
 Subject: Tax, Individual - dedct/sbtrct Addl. Drafters:  
 Extra Copies:

Submit via email: YES  
 Requester's email: Rep.Thiesfeldt@legis.wi.gov  
 Carbon copy (CC) to:

Pre Topic:

No specific pre topic given

Topic:

Individual income tax deduction for contributions to Coverdale Savings Accounts. Redraft 2011 AB 466 (LRB 11-3148) and AA 1 (LRBa2132/3)

Instructions:

Create an individual income tax deduction for contributions to Coverdale Savings Accounts

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 11/28/2012	jdye 11/29/2012		_____			
/1			11/29/2012	_____	srose 11/29/2012		State Tax

FE Sent For:

<END>

**2013 DRAFTING REQUEST**

**Bill**

Received: 11/27/2012 Received By: mshovers  
Wanted: As time permits Same as LRB:  
For: Jeremy Thiesfeldt (608) 266-3156 By/Representing: Hariah  
May Contact: Drafter: mshovers  
Subject: Tax, Individual - dedct/sbtrct Addl. Drafters:  
Extra Copies:

Submit via email: YES  
Requester's email: Rep.Thiesfeldt@legis.wi.gov  
Carbon copy (CC) to:

---

**Pre Topic:**

No specific pre topic given

---

**Topic:**

Individual income tax deduction for contributions to Coverdale Savings Accounts. Redraft 2011 AB 466 (LRB 11-3148) and AA 1 (LRBa2132/3)

---

**Instructions:**

Create an individual income tax deduction for contributions to Coverdale Savings Accounts

---

**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	1 11/29 jld	11/29				
1	MES	11/28/12	ph				

FE Sent For:

<END>

**Shovers, Marc**

---

**From:** Hutkowski, Hariah  
**Sent:** Monday, November 26, 2012 1:56 PM  
**To:** Shovers, Marc  
**Subject:** LRB 11-3148/1 Topic: Individual income tax deduction for contributions to Coverdale Savings Accounts

Please redraft AB 466 with the Amendment offered last time. Send over a draft and we'll hit the "jacket" button if it is up to speed. You may need to change a start date??

Thanks,

Hariah Hutkowski  
*Legislative Assistant*  
**Rep. Thiesfeldt's office**  
1-888-529-0052  
FAX: 608-282-3652

Note to file: This is  
from drafting file for 2011 AB466 -  
The orig. AM; request was to remove  
the double benefit & create a penalty  
provision -  
Subsequent instructions  
removed the penalty  
provision

**MEMORANDUM**

December 20, 2011

**TO:** Marc Shovers  
Legislative Reference Bureau

**FROM:** John Koskinen  
Brad Caruth  
Department of Revenue

**SUBJECT:** Technical Memorandum on LRB 3148/1: Creating an Individual Income Tax  
Deduction for Certain Contributions to a Coverdell Education Savings Account

The Department has the following concerns related to the bill:

Federal law provides that Coverdell Education Savings Accounts (CESA) are not taxable, but also provides a penalty for distributions that are not used for qualified education expenses. The federal penalty (sec. 530(d)(4), IRC) is 10% of the amount of the distribution which is required to be included in income. Is it the intent that Wisconsin will allow a deduction for contributions, but no corresponding penalty when the distribution is not used for qualified education expenses?

Under the bill, a double benefit is possible if a subtraction is claimed for contributions to the CESA and for tuition expenses under sec. 71.05(6)(b)28. If this is not the intent, a provision could be included similar to that in sec. 71.05(6)(b)28.g., which prevents a double benefit for contributions to a college savings account (EdVest) and the tuition deduction.

If you have any questions regarding this technical memorandum, please contact Brad Caruth at (608) 261-8984 or [bradley.caruth@revenue.wi.gov](mailto:bradley.caruth@revenue.wi.gov).



State of Wisconsin  
2011 - 2012 LEGISLATURE

WRB-0631/1



NRB-3148/1

MES:js:ph

R MNR

jld

2013 (2011) ASSEMBLY BILL 466

January 9, 2012 - Introduced by Representatives THIESFELDT, JACQUE, KERKMAN, FRIDEMORE, BROOKS, SPANBAUER, T. LARSON, NYGREN, LEMAHIEU, MOLEPSKE JR and KNODL, cosponsored by Senator GROTHMAN. Referred to Committee on Ways and Means.

*[Handwritten signature]*

1 AN ACT to create 71.05 (6) (b) 48. of the statutes; relating to: creating an  
2 individual income tax deduction for certain contributions to a Coverdell  
3 Education Savings Account. ✓

**Analysis by the Legislative Reference Bureau**

\*

This bill creates an (an) individual income tax deduction for any amount contributed to a Coverdell Education Savings Account (CESA) ✓, in the year in which the contribution is made, subject to the limits and conditions specified in federal law for contributions to a CESA. ✓ Currently, the maximum allowable contribution to a CESA is \$2,000 ✓ each year per beneficiary, although that contribution amount phases down as a contributor's modified adjusted gross income (MAGI) ✓ increases from \$95,000 to \$110,000 ✓, or from \$190,000 to \$220,000 ✓ for a married couple filing jointly. No contributions are allowed once a contributor's MAGI ✓ is above the ✓ phase-out range.

Under federal law, contributions to a CESA must be made in cash, are not tax deductible, and may not be made once the beneficiary reaches the age of 18. ✓ The accounts themselves are exempt from taxation, and the proceeds of an account must be used for qualified education expenses, as defined under federal law, for a designated beneficiary. ✓ Qualified education expenses include certain elementary, secondary, and higher education expenses. ✓ ✓

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.

**ASSEMBLY BILL 466**

For further information see the *state*<sup>✓</sup> 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:*

SECTION ~~1~~<sup>71.05</sup> (6) (b) 48. of the statutes is created to read:

71.05 (6) (b) 48. An amount contributed to a<sup>✓</sup> Coverdell Education Savings Account under 26 USC 530, in the taxable year to which the subtraction relates, up to the limits and subject to the conditions specified in 26 USC 530 (b) (1) (A) and 26 USC 530 (c).<sup>✓</sup>

**SECTION 2. Initial applicability.**

(1) This act first applies to taxable years beginning on January 1 of the year in which this subsection takes effect,<sup>✓</sup> except that if this subsection takes effect after July 31 this act first applies to taxable years beginning on January 1 of the year following the year in which this subsection takes effect.<sup>✓</sup>

(END)

INS  
2-1  
1  
2



**ASSEMBLY AMENDMENT 1,  
TO 2011 ASSEMBLY BILL 466**

Thaw

February 2, 2012 - Offered by Representative THIESFELDT

At the locations indicated, amend the bill as follows:

1. Page 2, line 1: before that line insert:

~~SECTION 1~~ 71.05 (6) (b) 28. i. of the statutes is created to read:

71.05 (6) (b) 28. i. No modification may be claimed under this subdivision for an amount paid for tuition expenses and mandatory student fees, as described under this subdivision, if the source of the payment is an amount withdrawn from a Coverdell Education Savings Account, as described under 26 USC 530, and for which a subtraction has been claimed under subd. 48.

2. Page 2, line 1: delete "SECTION 1" and substitute "SECTION 1m".

(END)

INS  
2-1

1  
2  
3  
4  
5  
6  
7  
8  
9  
10

**Rose, Stefanie**

---

**From:** Hutkowski, Hariah  
**Sent:** Thursday, November 29, 2012 2:53 PM  
**To:** LRB.Legal  
**Subject:** Draft Review: LRB -0631/1 Topic: Individual income tax deduction for contributions to Coverdale Savings Accounts. Redraft 2011 AB 466 (LRB 11-3148) and AA 1 (LRBa2132/3)

Please Jacket LRB -0631/1 for the ASSEMBLY.