



## ENGROSSED 1999 ASSEMBLY BILL 654

February 28, 2000 – Printed by direction of SENATE CHIEF CLERK.

1        **AN ACT** *to repeal* 14.63 (3) (a) 1. and 3.; *to amend* 14.63 (title), 14.63 (1) (b), 14.63  
2            (3) (title), 14.63 (4), 14.63 (5) (a), 14.63 (5) (b) (intro.) and 2., 14.63 (8), 14.63 (11)  
3            (b), 14.63 (13), 16.75 (2m) (a), 20.585 (2) (a), 20.585 (2) (s) and 71.05 (6) (b) 23.;  
4            and *to create* 14.57, 14.63 (3) (c), 14.63 (11m), 14.64, 15.07 (1) (b) 2., 16.25,  
5            20.585 (1) (gm), 71.05 (6) (b) 28. h., 71.05 (6) (b) 31., 71.05 (6) (b) 32., 71.05 (6)  
6            (b) 33. and 815.18 (3) (p) of the statutes; **relating to:** the college tuition  
7            prepayment program, creating a college savings program board and college  
8            savings program, creating a tax deduction for certain amounts contributed to  
9            the college tuition prepayment program, creating a tax deduction for certain  
10          amounts contributed to the college savings program, exempting from taxation

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1 certain gains derived from contributions to the college savings program,  
2 granting rule-making authority and making an appropriation.

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***Analysis by the Legislative Reference Bureau******Engrossment information:***

The text of Engrossed 1999 Assembly Bill 654 consists of the following documents adopted in the assembly on February 2, 2000: the bill as affected by Assembly Amendment 2 and Assembly Amendment 3. The text also includes the February 29, 2000, LRB correction to the bill.

***Content of Engrossed 1999 Assembly Bill 654:***

Under current law, the state treasurer administers a college tuition program that allows a Wisconsin resident, trust or legal guardian to purchase tuition units from the state treasurer that may be redeemed in the future to pay tuition and mandatory student fees at any accredited institution of higher education in the United States on behalf of a beneficiary who is a Wisconsin resident. The college tuition program is a qualified state tuition plan under federal law; federal tax is deferred until funds are withdrawn, after which the distributions are taxable as ordinary income at the beneficiary's federal tax rate. Distributions are exempt from state tax. A person who wishes to purchase tuition units must pay a \$50 nonrefundable enrollment fee.

This bill repeals the residency requirements for purchasers and beneficiaries of tuition units; permits, but does not require, the state treasurer to charge an enrollment fee; and permits tuition units to be redeemed to cover tuition, fees and the costs of room and board, books, supplies and equipment required for college enrollment. Also under the bill, a distribution from the college tuition program is not exempt from state taxation if the distribution results from the termination of the contract under the tuition program for a number of reasons, such as the prospective beneficiary's death, failure to graduate from high school, failure to gain admittance to an institution of higher education or a decision to not attend an institution of higher education.

The bill creates a tax deduction for amounts paid into a college tuition program if the beneficiary of the account either is the claimant or is the claimant's child and dependent. Generally, the deduction is limited to \$3,000 each year per beneficiary.

The bill also creates a college savings program, which is administered primarily by an eleven-member college savings program board (board) that is attached to the office of the state treasurer. The college savings program allows an individual, trust or legal guardian to establish and contribute money to a college savings account to cover tuition, fees and the costs of room and board, books, supplies and equipment required for enrollment or attendance of a beneficiary at any accredited institution of higher education in the United States. (A tax-exempt nonprofit corporation and a state or local governmental unit may also open a college savings account as part of a scholarship program.) The board must ensure that the college savings program meets federal requirements for a qualified state tuition plan and must invest the

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contributions to college savings accounts and pay distributions to beneficiaries and institutions of higher education. Under the bill, the department of administration (DOA) selects a private entity to serve as program manager, based upon factors specified in the bill and other factors determined by DOA. The contract between DOA and the manager must, among other things, require the manager to reimburse the state for all administrative costs that the state incurs for the college savings program. The bill also prohibits a state agency, a University of Wisconsin System institution or a technical college from including the balance of a college savings account in the calculation of a beneficiary's eligibility for state financial aid for higher education.

The bill exempts from taxation any increase in the value of a college savings account, unless the claimant makes an unqualified withdrawal, and creates a tax deduction for amounts paid into a college savings account if the beneficiary of the account either is the claimant or is the claimant's child and dependent. Generally, the deduction is limited to \$3,000 each year per beneficiary.

Under current law, an income tax "education" deduction exists for amounts paid by a claimant for tuition expenses for the claimant or for a child of the claimant who is also the claimant's dependent to attend any university, college or technical college or a school approved by the educational approval board, that is located in Wisconsin, or to attend a public vocational school or public institution of higher education in Minnesota. The deduction that may be claimed is an amount up to \$3,000 each year for each student to whom the claim relates, although the maximum amount that may be claimed is reduced to zero as the claimant's income increases from \$50,000 to \$60,000 for a single or married head of household filer, from \$80,000 to \$100,000 for a married joint filer or from \$40,000 to \$50,000 for a married separate filer. Under the bill, no "education" deduction may be claimed for any amounts paid for tuition expenses if the source of the payment is an amount withdrawn from a college savings account or from a college tuition program.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1           **SECTION 1.** 14.57 of the statutes is created to read:

2           **14.57 Same; attached boards.** There is created a college savings program  
3 board that is attached to the office of the state treasurer under s. 15.03 and that  
4 consists of all of the following members:

5           **(1)** The state treasurer or his or her designee.

6           **(2)** The president of the board of regents of the University of Wisconsin System  
7 or his or her designee.

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1           **(3)** The president of the Wisconsin Association of Independent Colleges and  
2 Universities or his or her designee.

3           **(4)** The chairperson of the investment board or his or her designee.

4           **(5)** The president of the technical college system board or his or her designee.

5           **(6)** Six other members, appointed for 4-year terms.

6           **SECTION 1g.** 14.63 (title) of the statutes, as affected by 1999 Wisconsin Act 9,  
7 is amended to read:

8           **14.63** (title) **College tuition prepayment and expenses program.**

9           **SECTION 1m.** 14.63 (1) (b) of the statutes, as affected by 1999 Wisconsin Act 9,  
10 is amended to read:

11           14.63 **(1)** (b) “Institution of higher education” means a ~~public or private~~  
12 ~~institution of higher education that is accredited by an accrediting association~~  
13 ~~recognized by the state treasurer, and a proprietary school approved by the~~  
14 ~~educational approval board under s. 45.54~~ an eligible educational institution, as  
15 defined under 26 USC 529.

16           **SECTION 1r.** 14.63 (3) (title) of the statutes, as affected by 1999 Wisconsin Act  
17 9, is amended to read:

18           14.63 **(3)** (title) ~~TUITION PREPAYMENT~~ COLLEGE TUITION AND EXPENSES CONTRACTS.

19           **SECTION 2.** 14.63 (3) (a) 1. and 3. of the statutes, as affected by 1999 Wisconsin  
20 Act 9, are repealed.

21           **SECTION 3.** 14.63 (3) (c) of the statutes is created to read:

22           14.63 **(3)** (c) The state treasurer may charge a purchaser an enrollment fee.

23           **SECTION 4m.** 14.63 (4) of the statutes, as affected by 1999 Wisconsin Act 9, is  
24 amended to read:

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1           14.63 (4) NUMBER OF TUITION UNITS PURCHASED. A person who enters into a  
2 contract under sub. (3) may purchase tuition units at any time and in any number,  
3 except that the total number of tuition units purchased on behalf of a single  
4 beneficiary may not exceed the number necessary to pay for 4 years of full-time  
5 attendance, including mandatory student fees, as a resident undergraduate at the  
6 institution within the University of Wisconsin System that has the highest resident  
7 undergraduate tuition, as determined by the state treasurer, in the anticipated  
8 academic years of their use cover tuition, fees and the costs of room and board, books,  
9 supplies and equipment required for enrollment or attendance of the beneficiary at  
10 an institution of higher education.

11           **SECTION 5.** 14.63 (5) (a) of the statutes, as affected by 1999 Wisconsin Act 9, is  
12 amended to read:

13           14.63 (5) (a) Except as provided in sub. (7m), if an individual named as  
14 beneficiary in a contract under sub. (3) attends an institution of higher education in  
15 the United States, each tuition unit purchased on his or her behalf entitles that  
16 beneficiary to apply toward the payment of tuition ~~and mandatory student, fees~~ and  
17 the costs of room and board, books, supplies and equipment required for enrollment  
18 or attendance at the institution an amount equal to 1% of the anticipated weighted  
19 average tuition of bachelor's degree-granting institutions within the University of  
20 Wisconsin System for the year of attendance, as estimated under sub. (2) in the year  
21 in which the tuition unit was purchased.

22           **SECTION 6.** 14.63 (5) (b) (intro.) and 2. of the statutes, as affected by 1999  
23 Wisconsin Act 9, are amended to read:

**ENGROSSED ASSEMBLY BILL 654****SECTION 6**

1           14.63 (5) (b) (intro.) Upon request by the beneficiary, the state treasurer shall  
2 pay to the institution or beneficiary, whichever is appropriate, in each semester of  
3 attendance the lesser of the following:

4           2. An amount equal to the sum of the institution's tuition ~~and mandatory~~  
5 ~~student~~, fees and the costs described in par. (a) for that semester.

6           **SECTION 7.** 14.63 (8) of the statutes, as affected by 1999 Wisconsin Act 9, is  
7 amended to read:

8           14.63 (8) EXEMPTION FROM GARNISHMENT, ATTACHMENT AND EXECUTION. Moneys  
9 deposited in the tuition trust fund and a beneficiary's right to the payment of tuition  
10 ~~and mandatory student~~, fees and the costs described in sub. (5) (a) under this section  
11 are not subject to garnishment, attachment, execution or any other process of law.

12           **SECTION 8.** 14.63 (11) (b) of the statutes, as affected by 1999 Wisconsin Act 9,  
13 is amended to read:

14           14.63 (11) (b) The requirements to pay tuition ~~and mandatory student~~, fees and  
15 the costs of room and board, books, supplies and equipment under sub. (5) and to  
16 make refunds under sub. (7) are subject to the availability of sufficient assets in the  
17 tuition trust fund.

18           **SECTION 8m.** 14.63 (11m) of the statutes is created to read:

19           14.63 (11m) FINANCIAL AID CALCULATIONS. The value of tuition units shall not  
20 be included in the calculation of a beneficiary's eligibility for state financial aid for  
21 higher education if the beneficiary notifies the higher educational aids board and the  
22 institution of higher education that the beneficiary is planning to attend that he or  
23 she is a beneficiary of a contract under this section and the contract owner agrees to  
24 release to the higher educational aids board and the institution of higher education  
25 information necessary for the calculation under this subsection.

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1           **SECTION 8r.** 14.63 (13) of the statutes, as affected by 1999 Wisconsin Act 9, is  
2 amended to read:

3           **14.63 (13) PROGRAM TERMINATION.** If the state treasurer determines that the  
4 program under this section is financially infeasible, the state treasurer shall  
5 discontinue entering into ~~tuition-prepayment~~ contracts under sub. (3) and  
6 discontinue selling tuition units under sub. (4).

7           **SECTION 9.** 14.64 of the statutes is created to read:

8           **14.64 College savings program. (1) DEFINITIONS.** In this section:

9           (a) "Account owner" means an individual who establishes a college savings  
10 account under this section.

11           (b) "Board" means the college savings program board.

12           **(2) DUTIES OF THE BOARD.** The board shall do all of the following:

13           (a) Except as provided in s. 16.25, establish and administer a college savings  
14 program that allows an individual, trust, legal guardian or entity described under  
15 26 USC 529 (e) (1) (C) to establish a college savings account to cover tuition, fees and  
16 the costs of room and board, books, supplies and equipment required for the  
17 enrollment or attendance of a beneficiary at an eligible educational institution, as  
18 defined under 26 USC 529.

19           (b) Ensure that the college savings program meets the requirements of a  
20 qualified state tuition plan under 26 USC 529.

21           (c) Invest the contributions to college savings accounts and pay distributions  
22 to beneficiaries and eligible educational institutions.

23           (d) Provide to each account owner, and to persons who are interested in  
24 establishing a college savings account, information about current and estimated  
25 future higher education costs, levels of participation in the college savings program

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1 that will help achieve educational funding objectives and availability of and access  
2 to financial aid.

3 (e) Promulgate rules to implement and administer this section, including rules  
4 that determine whether a withdrawal from a college savings account is a qualified  
5 or nonqualified withdrawal, as defined under 26 USC 529, and that impose more  
6 than a de minimis penalty, as defined under 26 USC 529, for nonqualified  
7 withdrawals.

8 (f) Seek rulings and guidance from the U.S. department of the treasury, the  
9 internal revenue service and the securities and exchange commission to ensure the  
10 proper implementation and administration of the college savings program.

11 (g) Ensure that if the department of administration changes vendors, the  
12 balances of college savings accounts are promptly transferred into investment  
13 instruments as similar to the original investment instruments as possible.

14 (h) Keep personal and financial information pertaining to an account owner or  
15 a beneficiary closed to the public, except that the board may release to the  
16 appropriate state agency information necessary in determining a beneficiary's  
17 eligibility for state financial aid for higher education.

18 **(3) ACCOUNT OWNERS; BENEFICIARIES; CONTRIBUTIONS; TERMINATION OF SAVINGS**  
19 **ACCOUNTS.** (a) An account owner may do all of the following:

- 20 1. Contribute to a college savings account
- 21 2. Select a beneficiary of a college savings account.
- 22 3. Change the beneficiary of a college savings account to a family member, as  
23 defined under 26 USC 529, of the previous beneficiary.
- 24 4. Transfer all or a portion of a college savings account to another college  
25 savings account whose beneficiary is a member of the family.



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1           5. Designate an individual other than the beneficiary as an individual to whom  
2 funds may be paid from a college savings account.

3           6. Receive distributions from a college savings account if no other individual  
4 is designated.

5           (b) An individual may be the beneficiary of more than one college savings  
6 account, and an account owner may be the beneficiary of a college savings account  
7 that the account owner has established.

8           (c) The board shall establish a minimum initial contribution to a college savings  
9 account that may be waived if the account owner agrees to contribute to a college  
10 savings account through a payroll deduction or automatic deposit plan. The board  
11 shall ensure that any such plan permits the adjustment of scheduled deposits  
12 because of a change in the account owner's economic circumstances or a beneficiary's  
13 educational plans.

14           (d) An account owner under this section may terminate his or her college  
15 savings account if any of the following occurs:

16           1. The beneficiary dies or is permanently disabled.

17           2. The beneficiary graduates from high school but is unable to gain admission  
18 to an institution of higher education after a good faith effort.

19           3. The beneficiary attended an institution of higher education but involuntarily  
20 failed to complete the program in which he or she was enrolled.

21           4. The beneficiary is at least 18 years old and one of the following applies:

22           a. The beneficiary has not graduated from high school.

23           b. The beneficiary has decided not to attend an institution of higher education.

24           c. The beneficiary attended an institution of higher education but voluntarily  
25 withdrew without completing the program in which he or she was enrolled.

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1           5. Other circumstances determined by the board to be grounds for termination.

2           (e) The board shall terminate a college savings account if any portion of the  
3 college savings account balance remains unused 10 years after the anticipated  
4 academic year of the beneficiary's initial enrollment in an eligible educational  
5 institution.

6           **(4) CONTRACTS WITH PROFESSIONALS.** The board may enter into a contract for the  
7 services of accountants, attorneys, consultants and other professionals to assist in  
8 the administration and evaluation of the college savings program.

9           **(5) REPORT.** Annually, the board shall submit a report to the governor, and to  
10 the appropriate standing committees of the legislature under s. 13.172 (3), on the  
11 performance of the college savings program, including any recommended changes to  
12 the program.

13           **(6) CONSTRUCTION.** Nothing in this section guarantees an individual's  
14 admission to, retention by or graduation from any institution of higher education; a  
15 rate of interest or return on a college savings account; or the payment of principal,  
16 interest or return on a college savings account.

17           **(7) EXEMPTION FROM GARNISHMENT, ATTACHMENT AND EXECUTION; SECURITY FOR**  
18 **LOAN.** (a) A beneficiary's right to qualified withdrawals under this section is not  
19 subject to garnishment, attachment, execution or other process of law.

20           (b) No interest in a college savings account may be pledged as security for a  
21 loan.

22           **(8) FINANCIAL AID CALCULATIONS.** The balance of a college savings account shall  
23 not be included in the calculation of a beneficiary's eligibility for state financial aid  
24 for higher education if the beneficiary notifies the higher educational aids board and  
25 the eligible educational institution that the beneficiary is planning to attend that he

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1 or she is a beneficiary of a college savings account and if the account owner agrees  
2 to release to the higher educational aids board and the eligible educational  
3 institution information necessary for the calculation under this subsection.

4 **SECTION 10.** 15.07 (1) (b) 2. of the statutes is created to read:

5 15.07 (1) (b) 2. College savings program board.

6 **SECTION 11.** 16.25 of the statutes is created to read:

7 **16.25 College savings program vendor.** (1) The department shall  
8 determine the factors to be considered in selecting a vendor of the program under s.  
9 14.64, which shall include:

10 (a) The person's ability to satisfy record-keeping and reporting requirements.

11 (b) The fees, if any, that the person proposes to charge account owners.

12 (c) The person's plan for promoting the college savings program and the  
13 investment that the person is willing to make to promote the program.

14 (d) The minimum initial contribution or minimum contributions that the  
15 person will require.

16 (e) The ability and willingness of the person to accept electronic contributions.

17 (f) The ability of the person to augment the college savings program with  
18 additional, beneficial services related to the program.

19 **(2)** The department shall solicit competitive sealed proposals under s. 16.75  
20 (2m) from nongovernmental persons to serve as vendor of the college savings  
21 program. The department shall select the vendor based upon factors determined by  
22 the department under sub. (1).

23 **(3)** The contract between the department and the vendor shall ensure all of the  
24 following:

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1 (a) That the vendor reimburses the state for all administrative costs that the  
2 state incurs for the college savings program.

3 (b) That a firm of certified public accountants selected by the vendor annually  
4 audits the college savings program and provides a copy of the audit to the college  
5 savings program board.

6 (c) That each account owner receives a quarterly statement that identifies the  
7 contributions to the college savings account during the preceding quarter, the total  
8 contributions to and the value of the college savings account through the end of the  
9 preceding quarter and any distributions made during the preceding quarter.

10 (d) That the manager communicate to the beneficiary and account owner the  
11 requirements of s. 14.64 (8).

12 **SECTION 12.** 16.75 (2m) (a) of the statutes is amended to read:

13 16.75 (2m) (a) If Except as otherwise required by law, if the secretary or his or  
14 her designee determines that the use of competitive sealed bidding is not practicable  
15 or not advantageous to this state, the department may solicit competitive sealed  
16 proposals. Each request for competitive sealed proposals shall state the relative  
17 importance of price and other evaluation factors.

18 **SECTION 13.** 20.585 (1) (gm) of the statutes is created to read:

19 20.585 (1) (gm) *General program operations; reimbursement.* All moneys  
20 received from the vendor of the college savings program under s. 16.25 (3) (a) for  
21 general programs operations.

22 **SECTION 13dm.** 20.585 (2) (a) of the statutes is amended to read:

23 20.585 (2) (a) *Administrative expenses; general fund.* The amounts in the  
24 schedule for the administrative expenses of the college tuition prepayment and  
25 expenses program under s. 14.63, including the expense of promoting the program.

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1           **SECTION 13dr.** 20.585 (2) (s) of the statutes is amended to read:

2           20.585 (2) (s) *Administrative expenses; tuition trust fund.* From the tuition  
3 trust fund, the amounts in the schedule for the administrative expenses of the college  
4 tuition ~~prepayment and expenses~~ program under s. 14.63, including the expense of  
5 promoting the program.

6           **SECTION 13g.** 71.05 (6) (b) 23. of the statutes, as affected by 1999 Wisconsin Act  
7 9, is amended to read:

8           71.05 (6) (b) 23. Any increase in value of a tuition unit that is purchased under  
9 a tuition contract under s. 14.63, except that the subtraction under this subdivision  
10 may not be claimed by any individual who received a refund under s. 14.63 (7) (a) 2.,  
11 3. or 4.

12           **SECTION 13h.** 71.05 (6) (b) 28. h. of the statutes is created to read:

13           71.05 (6) (b) 28. h. No modification may be claimed under this subdivision for  
14 an amount paid for tuition expenses, as described under this subdivision, if the  
15 source of the payment is an amount withdrawn from a college savings account, as  
16 described in s. 14.64 or from a college tuition prepayment program, as described in  
17 s. 14.63.

18           **SECTION 13j.** 71.05 (6) (b) 31. of the statutes is created to read:

19           71.05 (6) (b) 31. Any increase in value of a college savings account, as described  
20 in s. 14.64, except that the subtraction under this subdivision may not be claimed by  
21 any individual who has made an unqualified withdrawal, as described in s. 14.64 (2)  
22 (e).

23           **SECTION 13m.** 71.05 (6) (b) 32. of the statutes is created to read:

24           71.05 (6) (b) 32. An amount paid into a college savings account, as described  
25 in s. 14.64, if the beneficiary of the account either is the claimant or is the claimant's

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1 child and the claimant's dependent who is claimed under section 151 (c) of the  
2 Internal Revenue Code, calculated as follows:

3 a. An amount equal to not more than \$3,000 per beneficiary for each year to  
4 which the claim relates.

5 b. For an individual who is a nonresident or part-year resident of this state,  
6 multiply the amount calculated under subd. 32. a. by a fraction the numerator of  
7 which is the individual's wages, salary, tips, unearned income and net earnings from  
8 a trade or business that are taxable by this state and the denominator of which is the  
9 individual's total wages, salary, tips, unearned income and net earnings from a trade  
10 or business. In this subd. 32. b., for married persons filing separately "wages, salary,  
11 tips, unearned income and net earnings from a trade or business" means the separate  
12 wages, salary, tips, unearned income and net earnings from a trade or business of  
13 each spouse, and for married persons filing jointly "wages, salary, tips, unearned  
14 income and net earnings from a trade or business" means the total wages, salary,  
15 tips, unearned income and net earnings from a trade or business of both spouses.

16 c. Reduce the amount calculated under subd. 32. a. or b. to the individual's  
17 aggregate wages, salary, tips, unearned income and net earnings from a trade or  
18 business that are taxable by this state.

19 **SECTION 13p.** 71.05 (6) (b) 33. of the statutes is created to read:

20 71.05 (6) (b) 33. An amount paid into a college tuition prepayment program,  
21 as described in s. 14.63, if the beneficiary of the account either is the claimant or is  
22 the claimant's child and the claimant's dependent who is claimed under section 151  
23 (c) of the Internal Revenue Code, calculated as follows:

24 a. An amount equal to not more than \$3,000 per beneficiary for each year to  
25 which the claim relates.

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1           b. For an individual who is a nonresident or part-year resident of this state,  
2 multiply the amount calculated under subd. 33. a. by a fraction the numerator of  
3 which is the individual's wages, salary, tips, unearned income and net earnings from  
4 a trade or business that are taxable by this state and the denominator of which is the  
5 individual's total wages, salary, tips, unearned income and net earnings from a trade  
6 or business. In this subd. 33. b., for married persons filing separately "wages, salary,  
7 tips, unearned income and net earnings from a trade or business" means the separate  
8 wages, salary, tips, unearned income and net earnings from a trade or business of  
9 each spouse, and for married persons filing jointly "wages, salary, tips, unearned  
10 income and net earnings from a trade or business" means the total wages, salary,  
11 tips, unearned income and net earnings from a trade or business of both spouses.

12           c. Reduce the amount calculated under subd. 33. a. or b. to the individual's  
13 aggregate wages, salary, tips, unearned income and net earnings from a trade or  
14 business that are taxable by this state.

15           **SECTION 14.** 815.18 (3) (p) of the statutes is created to read:

16           815.18 (3) (p) *College savings accounts.* An interest in a college savings account  
17 under s. 14.64.

18           **SECTION 15. Nonstatutory provisions.**

19           (1) (a) Notwithstanding section 15.07 (1) (b) 2. of the statutes, as created by this  
20 act, the governor may provisionally appoint initial members of the college savings  
21 program board under section 14.57 of the statutes, as created by this act. Those  
22 provisional appointments are in force until the governor withdraws them or the  
23 senate acts upon them, and if the senate confirms them, they continue for the  
24 remainder of the unexpired terms, if any, of the members and until successors are  
25 chosen and qualify. A provisional appointee may exercise all the powers and duties

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1 of board membership to which the person is appointed during the time in which the  
2 appointee qualifies.

3 (b) A provisional appointment under paragraph (a) that the governor  
4 withdraws lapses upon withdrawal and creates a vacancy for the provisional  
5 appointment of another initial member of the college savings program board. A  
6 provisional appointment that the governor makes under paragraph (a) and that the  
7 senate rejects lapses upon rejection and creates a vacancy for nomination and  
8 appointment under section 15.07 (1) (b) 2. of the statutes, as created by this act, of  
9 another initial board member.

10 (2) Notwithstanding the length of the terms specified in section 14.57 (6) of the  
11 statutes, as created by this act, the initial terms of 3 of the members appointed under  
12 section 14.57 (6) of the statutes, as created by this act, expire on May 1, 2003, and  
13 the initial terms of 3 of the members expire on May 1, 2005.

14 **SECTION 15m. Initial applicability.**

15 (1) The treatment of section 71.05 (6) (b) 23., 28. h., 31., 32. and 33. of the  
16 statutes first applies to taxable years beginning on January 1 of the year in which  
17 this subsection takes effect, except that if this subsection takes effect after July 31  
18 the treatment of section 71.05 (6) (b) 28. h., 31. and 32. of the statutes first applies  
19 to taxable years beginning on January 1 of the year following the year in which this  
20 subsection takes effect.

21 **SECTION 16. Effective dates.** This act takes effect on the first day of the 10th  
22 month following publication, except as follows:

23 (1) The treatment of sections 14.57 and 15.07 (1) (b) 2. of the statutes and  
24 SECTION 15 of this act take effect the day after publication.



