

State of Wisconsin



2013 Senate Bill 389

Date of enactment: April 8, 2014
Date of publication*: April 9, 2014

2013 WISCONSIN ACT 227

AN ACT *to amend* 16.641 (3) (a) 1., 16.641 (7) (title), 16.641 (7) (a), 71.05 (6) (b) 32. (intro.) and 71.05 (6) (b) 32. a.; and *to create* 71.05 (6) (a) 26. of the statutes; **relating to:** indexing for inflation of, and making other changes to, the college savings plan income tax deduction.

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

SECTION 1e. 16.641 (3) (a) 1. of the statutes is amended to read:

16.641 (3) (a) 1. Contribute to a college savings account or authorize ~~a parent, grandparent, great-grandparent, aunt, or uncle of the beneficiary~~ any other person to contribute to the account.

SECTION 1m. 16.641 (7) (title) of the statutes is amended to read:

16.641 (7) (title) EXEMPTION FROM GARNISHMENT, LIEN, LEVY, ATTACHMENT AND EXECUTION; SECURITY FOR LOAN.

SECTION 2. 16.641 (7) (a) of the statutes is amended to read:

16.641 (7) (a) ~~A beneficiary's right to qualified withdrawals~~ An account established under this section is not subject to garnishment, lien, levy, attachment, execution or other process of law.

SECTION 3. 71.05 (6) (a) 26. of the statutes is created to read:

71.05 (6) (a) 26. For the taxable year in which a distribution is received, all of the following amounts distributed from a college savings account, as described in s. 16.641:

a. To the extent that the receipt of such amounts by the owner or beneficiary of the account results in a penalty as provided in [26 USC 529](#) (c) (6), any amount that was not used for qualified higher education expenses, as that term is defined in [26 USC 529](#) (e) (3), and was contributed to the account after December 31, 2013.

b. Any amount rolled over by an owner into another state's qualified tuition program, as described in [26 USC 529](#) (c) (3) (C) (i), to the extent that the amount was previously claimed as a deduction under par. (b) 32.

SECTION 4. 71.05 (6) (b) 32. (intro.) of the statutes is amended to read:

71.05 (6) (b) 32. (intro.) An amount paid into a college savings account, as described in s. 16.641, in the taxable year in which the contribution is made or on or before the 15th day of the 4th month beginning after the close of a taxpayer's taxable year to which this subtraction relates, by the owner of the account or by ~~a parent, grandparent, great-grandparent, aunt, or uncle of the beneficiary~~, if the any other individual, for the benefit of any beneficiary of the an account is one of the following: the claimant; the claimant's child; the claimant's grandchild; the claimant's great-grandchild; or the claimant's niece or nephew; calculated as follows:

SECTION 5. 71.05 (6) (b) 32. a. of the statutes is amended to read:

* Section 991.11, WISCONSIN STATUTES: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication."

71.05 (6) (b) 32. a. Except as otherwise provided in this subdivision, an amount equal to not more than \$3,000 per beneficiary, by each contributor, or \$1,500 by each contributor who is married and files separately, to an account for each year to which the claim relates, except that the total amount for which a deduction may be claimed under this subdivision and under subd. 33., per beneficiary by any claimant may not exceed \$3,000 each year, or \$1,500 each year by any claimant who is married and files separately. In the case of a married couple, the total deduction under this subdivision and under subd. 33., per beneficiary by the married couple may not exceed \$3,000 each year. In the case of divorced parents, the total deduction under this subdivision and under subd. 33., per beneficiary by the formerly married couple, may not exceed \$3,000, and the maximum amount that may be deducted by each former spouse is \$1,500, unless the divorce judgment specifies a different division of the \$3,000 maximum that may be claimed by each former spouse. For taxable years beginning after December 31, 2013, the dollar amounts in this subd. 32. a., and the dollar amounts in subd. 33. a., shall be increased each year by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the previous year and the U.S. consumer price index for all

urban consumers, U.S. city average, for the month of August 2012, as determined by the federal department of labor, except that the adjustment may occur only if the resulting amount is greater than the corresponding amount that was calculated for the previous year. Each amount that is revised under this subd. 32. a. and under subd. 33. a. shall be rounded to the nearest multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised amount is a multiple of \$5, such an amount shall be increased to the next higher multiple of \$10. The department of revenue shall annually adjust the changes in dollar amounts required under this subd. 32. a. and incorporate the changes into the income tax forms and instructions. Any amount that is paid into an account under this subdivision that exceeds the maximum amount that may be subtracted under this subdivision may be carried forward to the next taxable year, and thereafter, subject to the limitations in this subdivision.

SECTION 6. Initial applicability.

(1) The treatment of section 71.05 (6) (a) 26. and (b) 32. (intro.) and a. of the statutes first applies to taxable years beginning on January 1, 2014.

SECTION 7m. Effective dates. This act takes effect on the day after publication, except as follows:

(1) The treatment of section 71.05 (6) (a) 26. of the statutes takes effect on June 1, 2014.