State of Wisconsin
2001 - 2002 LEGISLATURE

LRB-2254/1
MES:jld:km

2001 ASSEMBLY BILL 298

April 6, 2001 – Introduced by Representatives KREIBICH, PLALE, JENSEN, MUSSER, LA FAVE, BLACK, URBAN, RICHARDS, LADWIG, HUEBSCH, RHOADES, M. LEHMAN, HAHN, BOYLE, J. LEHMAN, TOWNSEND, WADE, HUNDERTMARK, LASSA, SHILLING, GRONEMUS, FREESE, KRAWCZYK, OLSEN, PETROWSKI, SYKORA, KREUSER, COGGS, LEIBHAM, ALBERS, GUNDERSON, RYBA, MILLER, PLOUFF, YOUNG, VRAKAS, D. MEYER, GROTHMAN, JESKEWITZ, WASSERMAN, SERATTI, MONTGOMERY, BALOW, POWERS, HOVEN, BERCEAU, HUBER, NASS, PETTIS, SUDER, SCHNEIDER, WALKER, TURNER, MCCORMICK, OTT, STEINBRINK, SKINDRUD and OWENS, cosponsored by Senators GROBSCHMIDT, DARLING, BURKE, S. FITZGERALD, WELCH, PLACHE, ROSENZWEIG, ROESSLER, MOEN, RISSER, HARSDORF, SCHULTZ, M. MEYER, ZIEN, HUELSMAN, HANSEN, ERPENBACH and BAUMGART. Referred to Committee on Colleges and Universities.

AN ACT ***to amend*** 71.05 (6) (b) 32. (intro.) and 71.05 (6) (b) 33. (intro.) of the statutes; **relating to:** allowing an individual income tax deduction for certain amounts contributed by a grandparent to a college savings account or a college tuition and expenses program.

Analysis by the Legislative Reference Bureau

Under current law, there is a college tuition and expenses program under which a contributor may purchase "tuition units" that can be used to pay qualified educational costs on behalf of a beneficiary. The purchase of such units is limited to parents, grandparents, aunts, uncles, legal guardians, trusts created on behalf of a beneficiary, or individuals purchasing units for their own use. 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 either is the claimant or is the claimant's child and the claimant's dependent under the Internal Revenue Code.

Under this bill, an income tax deduction for amounts contributed to such an account may be claimed by a grandparent of the beneficiary, subject to the same limits and conditions that exist under current law.

Also under current law, there exists a college savings program 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 either is the claimant or is the claimant's child and the claimant's dependent under the Internal Revenue Code.

Under this bill, an income tax deduction for amounts contributed to such an account may be claimed by a grandparent of the beneficiary, subject to the same limits and conditions that exist under current law.

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:

SECTION 1. 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. 14.64, if the beneficiary of the account either is the claimant ~~or~~; is the claimant's child and the claimant's dependent who is claimed under section 151 (c) of the Internal Revenue Code~~,~~; or is the claimant's grandchild; calculated as follows:

SECTION 2. 71.05 (6) (b) 33. (intro.) of the statutes is amended to read:

71.05 **(6)** (b) 33. (intro.) An amount paid into a college tuition and expenses program, as described in s. 14.63, if the beneficiary of the account either is the claimant ~~or~~; is the claimant's child and the claimant's dependent who is claimed under section 151 (c) of the Internal Revenue Code~~,~~; or is the claimant's grandchild; 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 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.

(END)