

**2001 DRAFTING REQUEST**

**Senate Substitute Amendment (SSA-AB298)**

Received: **05/02/2001**

Received By: **shoveme**

Wanted: **As time permits**

Identical to LRB:

For: **Richard Grobschmidt (608) 266-7505**

By/Representing: **Lisa**

This file may be shown to any legislator: **NO**

Drafter: **shoveme**

May Contact:

Addl. Drafters:

Subject: **Tax - individual income  
Education - miscellaneous**

Extra Copies: **MJL**

Submit via email: **NO**

Requester's email:

**Pre Topic:**

No specific pre topic given

**Topic:**

Individual income tax deduction for grandparent contribution to Edvest; limit deductions for college savings accounts, college tuition and expenses program

**Instructions:**

Same as AB 298 and AA 2, LRB -2254 and a0472/2

**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>
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/1			martykr 05/03/2001	_____	lrb_docadmin 05/03/2001	lrb_docadmin 05/03/2001	

FE Sent For:

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FN: 5/2

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SSA —  
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Stays

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# 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, HARSDFORF, SCHULTZ, M. MEYER, ZIEN, HUELSMAN, HANSEN, ERPENBACH and BAUMGART. Referred to Committee on Colleges and Universities.

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

open

INS 1-4

### *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

**ASSEMBLY BILL 298**

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:*

ins 2-1

1

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:

INS 2-5

6

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

ins 2-6

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:

INS 2-11

12

**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.

17

(END)

**ASSEMBLY AMENDMENT 2,  
TO 2001 ASSEMBLY BILL 298**

May 1, 2001 - Offered by Representative KREIBICH.

1 At the locations indicated, amend the bill as follows:

INS 1-4

2 1. Page 1, line 4: after "program" insert "and limiting the deductibility of total  
3 contributions to a college savings account and a college tuition and expenses  
4 program".

INS 2-1

5 2. Page 2, line 1: after "statutes" insert " as created by 1999 Wisconsin Act  
6 44".

7 3. Page 2, line 5: after that line insert:

INS 2-5

8 ~~SECTION 10.~~ <sup>#</sup> 71.05 (6) (b) 32. a. of the statutes, as created by 1999 Wisconsin  
9 Act 44, is amended to read:

10 71.05 (6) (b) 32. a. An amount equal to not more than \$3,000 per beneficiary  
11 by each contributor to an account for each year to which the claim relates, except that  
12 the total amount for which a deduction may be claimed under this subdivision and  
13 under subd. 33., per beneficiary by any claimant may not exceed \$3,000 each year."

INS 2-6 ✓

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4. Page 2, line 6: after "statutes" insert ", as created by 1999 Wisconsin Act

44."

5. Page 2, line 11: after that line insert:

~~SECTION 71.05~~ 71.05 (6) (b) 33. a. of the statutes, as created by 1999 Wisconsin

Act 44, is amended to read:

71.05 (6) (b) 33. a. An amount equal to not more than \$3,000 per beneficiary  
by each contributor 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. 32., per beneficiary by any claimant may not exceed \$3,000 each year."

(END)

INS  
2-11 6 →