

Fiscal Estimate - 2001 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 01-2844/1		Introduction Number SB-131	
Subject			
Allow grandparents an individual income tax deduction for Ed Vest contributions			
Fiscal Effect			
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs			
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts			
Fund Sources Affected		Affected Ch. 20 Appropriations	
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
Agency/Prepared By		Authorized Signature	Date
DOR/ Meredith Krejny (608) 261-8984		Dennis Collier (608) 266-5773	4/19/01

Fiscal Estimate Narratives

DOR 4/20/01

LRB Number	01-2844/1	Introduction Number	SB-131	Estimate Type	Original
Subject					
Allow grandparents an individual income tax deduction for Ed Vest contributions					

Assumptions Used in Arriving at Fiscal Estimate

This bill would allow grandparents to claim a deduction for contributions to a prepaid college tuition plan benefiting the claimant's grandchild. Under current law, an individual income tax deduction for each beneficiary of up to \$3,000 per year is available only to parents or guardians who make contributions to accounts benefiting their children or dependents, or to beneficiaries who open their own accounts.

According to EdVest, there are currently 2,166 existing accounts. Approximately 12%, or about 260, of these accounts have been opened by individuals who are grandparents of the beneficiary. If total participation were to increase by as many as 5,000 new accounts annually and assuming that the percentage of grandparents opening accounts will remain constant, 600 new accounts would be deductible under this bill. Assuming that the average annual contribution is \$2,600 and an average marginal tax rate of 6.14%, the revenue loss from this bill would be approximately \$140,000 ($\$2,600 \times 860 \text{ accounts} \times 0.0614$).

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

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Subject			
Allow grandparents an individual income tax deduction for Ed Vest contributions			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$-140,000
	GPR Farned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$-140,000
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$-140,000	\$
Agency/Prepared By		Authorized Signature	Date
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