

Committee Name:

Senate Committee – Universities, Housing & Government Operations (SC-UHGO)

Appointments

01hr_SC-UHGO_Appt_pt00

Committee Hearings

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Record of Committee Proceedings

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Mark Meyer

June 7, 2001

State Senator • 32nd Senate District

TO: Members, Senate Universities, Housing, and Government Operations Committee

FROM: Senator Mark Meyer, Chairman

RE: **Paper Ballot – AB 298** – 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. Sponsored by Representative Kreibich; Cosponsored by Senator Grobschmidt

A Senate Substitute Amendment (LRB s0108/1) has been offered by Senator Grobschmidt. A copy of the amendment and Legislative Council memo explaining its purpose is attached. (Please note that this substitute amendment is identical to the substitute amendment being offered to SB 131)

Please return your ballots by Noon, Friday June 8th. Your consideration is greatly appreciated.

Motion by Senator Meyer that the Senate Committee on Universities, Housing, and Government Operations recommends the introduction and adoption of Senate Substitute Amendment 1(LRB s0108/1) to AB 298.

AYE _____

NO _____

Motion by Senator Meyer that the Senate Committee on Universities, Housing, and Government Operations recommends concurrence of AB 298 as amended.

AYE _____

NO _____

Signature: _____

Date: _____





WISCONSIN LEGISLATIVE COUNCIL
AMENDMENT MEMO

2001 Assembly Bill 298	Assembly Amendments 1 and 2
Memo published: June 6, 2001	Contact: Mary Matthias, Senior Staff Attorney (266-0932)

Under *current law*, there is a college tuition and expenses program, commonly referred to as Edvest 1, 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 tuition units is limited to certain relatives, legal guardians, trusts created on behalf of a beneficiary, and individuals purchasing units for their own use. Under current law, there is also a college savings program, commonly referred to as Edvest 2, under which anyone may open an account for a prospective student, regardless of the contributor’s relationship to the beneficiary.

Contributions made to an account under either program, up to a limit of \$3,000 each year for each beneficiary, may be deducted from the contributor’s income for income tax purposes if the beneficiary of the account is either the claimant or the claimant’s dependent child.

2001 Assembly Bill 298 expands eligibility for the income tax deductions under both Edvest 1 and Edvest 2 to include the grandparents of a beneficiary. Thus, under the bill, a claimant may deduct from his or her taxable income amounts contributed to an Edvest account if the beneficiary of the account is the claimant’s grandchild, subject to the same limits that apply to such deductions under current law.

Assembly Amendment 1 establishes a \$3,000 per child cap on deductions which a parent may claim each year under the Edvest programs. Under current law, if a parent contributed \$3,000 to an Edvest 1 account and \$2,000 to an Edvest 2 account for one child, the parent could deduct \$5,000 from their income that year based on those contributions. Under Assembly Amendment 1, however, the parent would be limited to a \$3,000 deduction based on those contributions. Assembly Amendment 1 does *not* apply this limitation to claimants who contribute to their own accounts or to their grandchild’s accounts.

Assembly Amendment 1 was recommended for adoption by the Assembly Committee on Colleges and Universities by a vote of Ayes, 10, Noes, 0, on April 17, 2001.

Assembly Amendment 2 replaces Assembly Amendment 1. Assembly Amendment 2 clarifies that the deduction cap of \$3,000 per beneficiary, described above, applies to any claimant who contributes to more than one Edvest account on behalf of a single beneficiary, including a parent, a grandparent, or claimants who contribute to their own accounts.

The Assembly adopted both Amendment 1 *and* Amendment 2 on voice votes and passed the bill, as amended, on a vote of Ayes, 97, Noes, 0, on May 1, 2001.

MM:rv:tl;rv