

2003 ASSEMBLY BILL 209

March 25, 2003 – Introduced by Representatives KREIBICH, JESKEWITZ, MILLER, HAHN, GRONEMUS, VAN ROY, KRAWCZYK, M. LEHMAN, HINES, LEMAHIEU, MUSSER, SERATTI, OWENS, GROTHMAN, AINSWORTH, FREESE, GUNDERSON, BIES, OTT, SHILLING, TOWNS, CULLEN, McCORMICK, VRAKAS, J. FITZGERALD, COGGS, OLSEN, SUDER, LASSA and PETTIS, cosponsored by Senators DARLING, SCHULTZ, STEPP, HARS DORF, KEDZIE, ROESSLER, WIRCH and BRESKE. Referred to Committee on Colleges and Universities. Referred to Joint Committee on Tax Exemptions.

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 great-grandparent, aunt, or uncle to a college
4 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, commonly referred to as “EdVest I,” 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 is one of the following: the claimant; the claimant’s child and the claimant’s dependent under the Internal Revenue Code; or the claimant’s grandchild.

Under this bill, an income tax deduction for amounts contributed to such an account may be claimed by a great-grandparent, aunt, or uncle 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, commonly referred to as “EdVest II,” under which anyone may open an account for a prospective student, regardless of the contributor’s relationship to the beneficiary. Individuals

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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 is one of the following: the claimant; the claimant's child and the claimant's dependent under the Internal Revenue Code; or the claimant's grandchild.

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

Currently, the total amount for which a deduction may be claimed under the college tuition and expenses program and the college savings program, per beneficiary, by any claimant, may not exceed \$3,000 each year and, in the case of a married couple filing a joint return, the total annual deduction under these two programs, per beneficiary, claimed by the married couple may not exceed \$3,000. This provision of current law is not changed by the bill.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

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:

1 **SECTION 1.** 71.05 (6) (b) 32. (intro.) of the statutes is amended to read:

2 71.05 **(6)** (b) 32. (intro.) An amount paid into a college savings account, as
3 described in s. 14.64, if the beneficiary of the account ~~either is~~ one of the following:
4 the claimant; ~~is the claimant's child and the claimant's dependent who is claimed~~
5 under section 151 (c) of the Internal Revenue Code; ~~or is the claimant's grandchild;~~
6 the claimant's great-grandchild; or the claimant's niece or nephew; calculated as
7 follows:

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

9 71.05 **(6)** (b) 33. (intro.) An amount paid into a college tuition and expenses
10 program, as described in s. 14.63, if the beneficiary of the account ~~either is~~ one of the
11 following: the claimant; ~~is the claimant's child and the claimant's dependent who is~~

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1 claimed under section 151 (c) of the Internal Revenue Code; ~~or is~~ the claimant's
2 grandchild; the claimant's great-grandchild; or the claimant's niece or nephew;
3 calculated as follows:

4 **SECTION 3. Initial applicability.**

5 (1) This act first applies to taxable years beginning on January 1 of the year
6 in which this subsection takes effect, except that if this subsection takes effect after
7 July 31, this act first applies to taxable years beginning on January 1 of the year
8 following the year in which this subsection takes effect.

9 (END)