

2005 DRAFTING REQUEST

Bill

Received: **01/12/2005**

Received By: **mshovers**

Wanted: **As time permits**

Identical to LRB:

For: **Administration-Budget 6-2843**

By/Representing: **Binau**

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

Drafter: **mshovers**

May Contact:

Addl. Drafters:

Subject: **Tax, Individual - dedct/sbtrct**

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

DOA:.....Binau, BB0424 -

Topic:

Increase the individual income tax deduction for college tuition expenses

Instructions:

See Attached

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>
/?				_____			State Tax
/1	mshovers 01/12/2005 pgrant 02/02/2005	csicilia 01/12/2005 csicilia 02/02/2005	rschluet 01/12/2005	_____	mbarman 01/12/2005		State Tax
/2			rschluet 02/02/2005	_____	Inorthro 02/02/2005		

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

FE Sent For:

<END>

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1293 2/2/05
22586
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/? mshovers

1/1 MES 1/12/05

FE Sent For:

Handwritten signature and date: 1/12/05. A large handwritten mark resembling a stylized '3' or 'S' is written over the signature area. Below the signature, the text '<END>' is written.

2005-07 Budget Bill Statutory Language Drafting Request

- Topic: Tax Deduction – Increasing the tax deduction for higher education tuition from \$3,000 to \$5,100
- Tracking Code: ~~BB0424~~ BB0424
- SBO team: Education
- SBO analyst: R.J. Binau
 - Phone: 6-2843
 - Email: rj.binau@doa.state.wi.us
- Agency acronym: ~~EDU~~ DOR
- Agency number: 566

CORRESPONDENCE MEMORANDUM

STATE OF WISCONSIN
Department of Administration

Date: January 12, 2005

To: Steve Miller
Legislative Reference Bureau

From: R.J. Binau 
Executive Policy and Budget Analyst

Subject: Budget Bill Drafting Request

Please begin drafting language for the upcoming 2005 -07 budget bill for the following subjects.

1. Tax Deduction - Increase the allowable tax deduction for higher education expenses from \$3,000 to \$5,100

There is currently a tax deduction for tuition expenses, capped at \$3,000. The cap needs to be raised to \$5,100.

If you have any questions please call me at 266-2843.

cc: Linda Nelson
Bob Hanle

Handwritten signature and initials: RMR, gs

DOA:.....Binau, BB 0424 - Increase the individual income tax deduction for college tuition expenses

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

*head: Taxation
Sub: Income taxation*

do not gen

1 AN ACT ~~relating to~~: increasing the individual income tax deduction for college
2 tuition expenses.

Analysis by the Legislative Reference Bureau

Current law provides a subtraction from federal adjusted gross income for an amount paid, up to \$3,000 per year per student, for tuition to attend a university, college, technical college, or other school that is approved by the Educational Approval Board and that is located in this state or that is subject to the Minnesota-Wisconsin reciprocity agreement. The subtraction is phased out at certain income levels. Also under current law, nonresidents and part-year residents of this state may claim a prorated amount of the subtraction based on a fraction, the numerator of which is the individual's wages, income, and net earnings from a trade or business that are taxable by this state and the denominator of which is the individual's total wages, income, and net earnings from a trade or business. The subtraction is further limited to the total wages, income, and net earnings from a trade or business taxable by this state.

This bill increases the amount of the allowable subtraction from \$3,000 per year per student to \$5,100.

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) 28. a. of the statutes is amended to read:

2 71.05 (6) (b) 28. a. An amount equal to not more than ~~\$3,000~~ \$5,100 per student
3 for each year to which the claim relates.

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2002 a. 85, 99, 119, 135, 183, 255, 289, 321, 326.

4 SECTION 9141. **Nonstatutory provisions; revenue.**

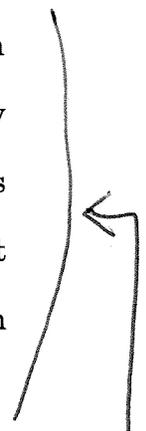
5 (1) SUBTRACT MODIFICATION FOR TUITION EXPENSES. The treatment of section
6 71.05 (6) (b) 28. a. of the statutes first applies to taxable years beginning on January
7 1 of the year in which this subsection takes effect, except that if this subsection takes
8 effect after July 31 the treatment of section 71.05 (6) (b) 28. a. of the statutes first
9 applies to taxable years beginning on January 1 of the year following the year in
10 which this subsection takes effect. ✓

11 (END)

9341

(B)

Initial applicability



LPS
Please
make
sure
this
is a

Nonstat-
INIT
app
Component

Shovers, Marc

From: Binau, RJ
Sent: Wednesday, February 02, 2005 11:01 AM
To: Shovers, Marc
Subject: LRB DRaft 1659/1

Marc,

Sorry about this but I was supposed to include some "indexing" process in with the \$ change.

Is it possible to include language that says,

Annually by September 1, of each fiscal year the University of Wisconsin system will calculate the average tuition at its institutions. In any given year the tax deduction shall be \$5,100 or the average tuition at UW System institutions, whichever is greater."

If you can make this change great, if not, I understand, its my fault.

RJ
Robinson J. Binau
State Budget Office
608.266.2843

av. undegree resident tuition
i.e. ~~the~~ ~~previous~~
for the year
'05:
~~average~~
tuition:
yearly tuition
changed in
fall '05

4 year

2
PE stays

DOA:.....Binau, BB 0424 - Increase the individual income tax deduction for college tuition expenses

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

Do Not Gen
or twice the average
by the board of regents of the
University of Wisconsin
institution for resident undergraduate
tuition for the most recent
fall semester, which is
greater than the average
of four-year
undergraduates

1 AN ACT relating to: increasing the individual income tax deduction for college
2 tuition expenses.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Current law provides a subtraction from federal adjusted gross income for an amount paid, up to \$3,000 per year per student, for tuition to attend a university, college, technical college, or other school that is approved by the Educational Approval Board and that is located in this state or that is subject to the Minnesota-Wisconsin reciprocity agreement. The subtraction is phased out at certain income levels. Also under current law, nonresidents and part-year residents of this state may claim a prorated amount of the subtraction based on a fraction, the numerator of which is the individual's wages, income, and net earnings from a trade or business that are taxable by this state and the denominator of which is the individual's total wages, income, and net earnings from a trade or business. The subtraction is further limited to the total wages, income, and net earnings from a trade or business taxable by this state.

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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.

2-2

twice
or the average amount charged by the board
of regents of the University of Wisconsin System for resident
undergraduate academic fees for the most
recent ~~previous~~ fall semester, as determined
by the board of regents by September 1, whichever is
greater,
of that semester

at 4-year
institutions



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-1659/2
MES&PG:cjs:rs

Stays

DOA:.....Binau, BB0424 - Increase the individual income tax deduction for college tuition expenses

FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

Do NOT Go

1 AN ACT ...; relating to: increasing the individual income tax deduction for college
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This bill increases the amount of the allowable subtraction from \$3,000 per year per student to \$5,100 or twice the average amount charged by the board of regents of the University of Wisconsin System at four-year institutions for resident undergraduate tuition for the most recent fall semester, whichever is greater.

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.

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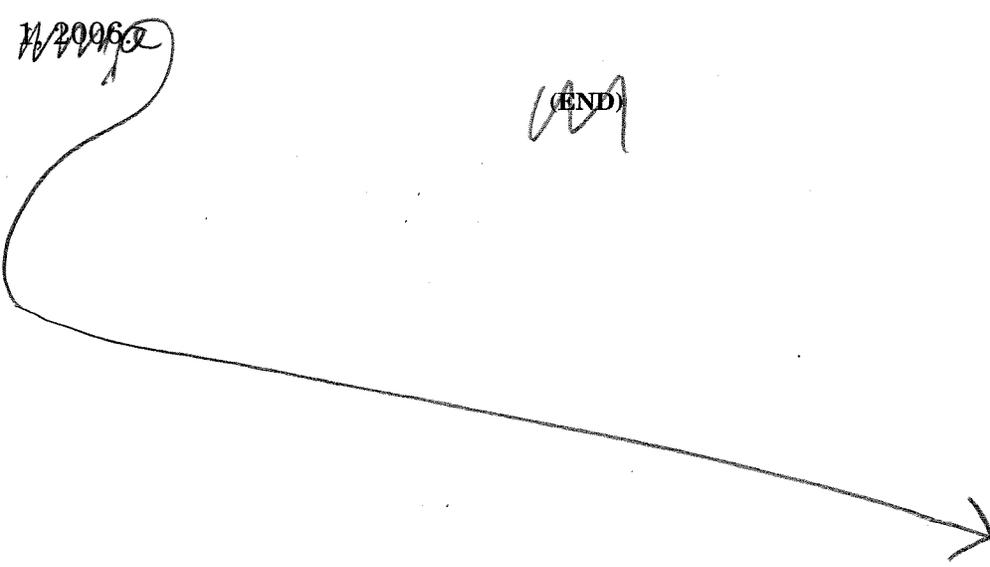
2 71.05 (6) (b) 28. a. An amount equal to not more than ~~\$3,000~~ \$5,100, or twice
3 the average amount charged by the board of regents of the University of Wisconsin
4 System at 4-year institutions for resident undergraduate academic fees for the most
5 recent fall semester, as determined by the board of regents by September 1 of that
6 semester, whichever is greater, per student for each year to which the claim relates.

7 SECTION 9341. Initial applicability; revenue.

8 (1) SUBTRACT MODIFICATION FOR TUITION EXPENSES. The treatment of section
9 71.05 (6) (b) 28. a. of the statutes first applies to taxable years beginning on January

10 *11/2006*

11 *(END)*





State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-1659/2
MES&PG:cjs:rs

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