Fiscal Estimate - 2011 Session

Original Dpdated	Corrected [Supplemental						
LRB Number 11-3148/1	Introduction Number	AB-0466						
Description Creating an individual income tax deduction for certain contributions to a Coverdell Education Savings Account								
Fiscal Effect								
Appropriations Reve								
Local: No Local Government Costs Indeterminate 1. Increase Costs Permissive Mandatory 2. Decrease Costs Permissive Mandatory Permissive Mandatory Permissive Mandatory Permissive Mandatory Districts 5. Types of Local Government Units Affected Towns Village Cities Counties Others School Districts Districts								
Fund Sources Affected Affected Ch. 20 Appropriations GPR FED PRO PRS SEG SEGS								
☐ GPR ☐ FED ☐ PRO ☐ PRS ☐ SEGS ☐ SEGS								
Agency/Prepared By	Authorized Signature	Date						
DOR/ Bradley Caruth (608) 261-8984	John Koskinen (608) 267-8973	12/21/2011						

Fiscal Estimate Narratives DOR 12/21/2011

LRB Number	11-3148/1	Introduction Number	AB-0466	Estimate Type	Original	
Description Creating an individual income tax deduction for certain contributions to a Coverdell Education Savings Account						

Assumptions Used in Arriving at Fiscal Estimate

Under current federal law, individuals may contribute up to \$2,000 to a Coverdell Education Savings Account (CESA) each year for each designated beneficiary. The contributions are not tax deductible. However, the earnings from the accounts are exempt from taxation if the proceeds are used for qualified education expenses, as defined under federal law. Wisconsin conforms to federal law and allows and income tax exemption for the earnings from CESAs.

This bill creates a new individual income tax deduction for amounts contributed to a CESA.

Based on a simulation using 2008 individual income tax returns, adjusted for 2012 income levels and law, the deduction for contributions to CESAs is estimated to reduce revenue by \$880,000 annually beginning in fiscal year 2013.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

	Original Dpdated		Corrected		Supplemental	
LRE	Number 11-3148/1		Introduction Num	ber	AB-0466	
	ription ting an individual income tax deduction t unt	for c	ertain contributions to a Co	overdel	l Education Savings	
	e-time Costs or Revenue Impacts for alized fiscal effect):	Sta	te and/or Local Governm	ent (do	o not include in	
II. An	nualized Costs:		Annualized Fiscal Impact on funds from:			
			Increased Costs		Decreased Costs	
A. St	ate Costs by Category					
Sta	ate Operations - Salaries and Fringes		\$		\$	
(F	TE Position Changes)					
Sta	ate Operations - Other Costs					
Lo	cal Assistance					
Aic	ds to Individuals or Organizations					
	TOTAL State Costs by Category		\$		\$	
B. St	ate Costs by Source of Funds					
GF	PR					
FE	D					
PF	RO/PRS					
SE	G/SEG-S					
	tate Revenues - Complete this only w nues (e.g., tax increase, decrease in I			r decre	ease state	
			Increased Rev		Decreased Rev	
GF	PR Taxes		\$		\$-880,000	
GF	PR Earned					
FE	D					
PF	RO/PRS					
SE	G/SEG-S					
	TOTAL State Revenues		\$		\$-880,000	
	NET ANNUA	ALIZ	ED FISCAL IMPACT			
		<u>State</u>		<u>Local</u>		
NET CHANGE IN COSTS		\$		\$		
NET	CHANGE IN REVENUE		\$-880,000		\$	
A 67.57	nou/Propagad By	Α	therized Cianatura		Date	
Agency/Prepared By Aut			thorized Signature		Date	
DOR/ Bradley Caruth (608) 261-8984 John			nn Koskinen (608) 267-8973		12/21/2011	