

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-2066/1	Introduction Number SB-0122
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Description
 requiring the Department of Financial Institutions to implement a section 529A ABLE savings account program and granting rule-making authority

Fiscal Effect

State:

- | | | |
|---|---|---|
| <input type="checkbox"/> No State Fiscal Effect
<input type="checkbox"/> Indeterminate
<input type="checkbox"/> Increase Existing Appropriations
<input type="checkbox"/> Decrease Existing Appropriations
<input type="checkbox"/> Create New Appropriations | <input type="checkbox"/> Increase Existing Revenues
<input checked="" type="checkbox"/> Decrease Existing Revenues | <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Decrease Costs |
|---|---|---|

Local:

- | | | |
|--|--|--|
| <input type="checkbox"/> No Local Government Costs
<input type="checkbox"/> Indeterminate
1. <input type="checkbox"/> Increase Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
2. <input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenue
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
4. <input type="checkbox"/> Decrease Revenue
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 5. Types of Local Government Units Affected
<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities
<input type="checkbox"/> Counties <input type="checkbox"/> Others <u>0</u>
<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
|--|--|--|

Fund Sources Affected **Affected Ch. 20 Appropriations**

GPR
 FED
 PRO
 PRS
 SEG
 SEGS

Agency/Prepared By	Authorized Signature	Date
DOR/ Bradley Caruth (608) 261-8984	Michael Oakleaf (608) 261-5173	3/30/2023

Fiscal Estimate Narratives

DOR 3/30/2023

LRB Number	23-2066/1	Introduction Number	SB-0122	Estimate Type	Original
Description requiring the Department of Financial Institutions to implement a section 529A ABLE savings account program and granting rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

Under current federal law, states may create a qualified Achieving a Better Life Experience (ABLE) program under which an individual may establish a tax-exempt savings account to pay for qualified expenses, such as education, housing, and transportation costs, for a beneficiary who is an individual with disabilities, as defined under federal law. Although these accounts cannot be established under this state's law, they can be established under another state's law, and if so established, contributions to these accounts are deductible from income and qualifying withdrawals from these accounts are exempt from taxation in this state.

This bill requires the Department of Financial Institutions to implement a qualified ABLE program under section 529A of the Internal Revenue Code, either directly or by entering into an agreement with another state or alliance of states. As it relates to individual income tax, the bill does not change the existing deduction for account contributions or the exemption for withdrawals. For fiscal year 2022, the existing law provision reduced revenue by approximately \$180,000. To the extent that establishing a state program encourages more Wisconsin residents to create or contribute to accounts, the bill may increase deductions claimed by Wisconsin residents for ABLE accounts. The bill is likely to result in a minimal revenue reduction.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

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Description requiring the Department of Financial Institutions to implement a section 529A ABLE savings account program and granting rule-making authority		
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	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$See Text	\$
Agency/Prepared By		
Authorized Signature		Date
DOR/ Bradley Caruth (608) 261-8984		Michael Oakleaf (608) 261-5173
		3/30/2023