

## ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

<p>1. Type of Estimate and Analysis <input checked="" type="checkbox"/> Original   <input type="checkbox"/> Updated   <input type="checkbox"/> Corrected</p>	<p>2. Date April 2, 2024</p>
<p>3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable) DFI-CSP 1</p>	
<p>4. Subject Affecting the College Savings Program by eliminating obsolete provisions, correcting cross-references, eliminating rules that are redundant with statutes, correcting errors, and modifying the structure of existing rules in nonsubstantive ways.</p>	
<p>5. Fund Sources Affected <input type="checkbox"/> GPR   <input type="checkbox"/> FED   <input type="checkbox"/> PRO   <input type="checkbox"/> PRS   <input type="checkbox"/> SEG   <input type="checkbox"/> SEG-S</p>	<p>6. Chapter 20, Stats. Appropriations Affected N/A</p>
<p>7. Fiscal Effect of Implementing the Rule <input checked="" type="checkbox"/> No Fiscal Effect   <input type="checkbox"/> Increase Existing Revenues   <input type="checkbox"/> Increase Costs   <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Indeterminate   <input type="checkbox"/> Decrease Existing Revenues   <input type="checkbox"/> Could Absorb Within Agency's Budget</p>	
<p>8. The Rule Will Impact the Following (Check All That Apply) <input type="checkbox"/> State's Economy   <input checked="" type="checkbox"/> Specific Businesses/Sectors <input type="checkbox"/> Local Government Units   <input type="checkbox"/> Public Utility Rate Payers <input type="checkbox"/> Small Businesses (if checked, complete Attachment A)</p>	
<p>9. Estimate of Implementation and Compliance to Businesses, Local Governmental Units and Individuals, per s. 227.137(3)(b)(1). \$Estimated implementation and compliance costs will be negligible. These proposed amendments are non-substantive in nature and would not have an economic impact upon the Department, the College Savings Program Board (CSPB), or college savings program account owners and beneficiaries.</p>	
<p>10. Would Implementation and Compliance Costs Businesses, Local Governmental Units and Individuals Be \$10 Million or more Over Any 2-year Period, per s. 227.137(3)(b)(2)? <input type="checkbox"/> Yes   <input checked="" type="checkbox"/> No</p>	
<p>11. Policy Problem Addressed by the Rule Certain provisions of chapter DFI-CSP 1 of the Wisconsin Administrative Code have become obsolete or unauthorized due to changes in 26 U.S.C. 529, the federal law governing qualified tuition programs such as Wisconsin's college savings program. For example, section DFI-CSP 1.01 describes the purpose of the program as enabling participants to invest funds "to pay the cost of attendance at an institution of higher education." While that statement remains accurate in part—many Wisconsin families use the college savings program to help pay for college or other higher education—it has become incomplete. Amendments to federal and state tax law since the time DFI-CSP 1.01 was promulgated have established that college savings program funds may also be used for other purposes, including the costs of elementary or secondary school attendance, the costs of participating in certified apprenticeship programs, and rollover contributions to beneficiaries' retirement accounts. The Board seeks to update this and similar references in its administrative rules to remove outdated language and more accurately reflect the full range of currently permissible uses of invested funds under applicable tax law. In addition, the proposed revisions modify the structure of existing rules to conform to current Wisconsin drafting practices, which will provide greater clarity and consistency with the drafting style of other statutes and rules administered by the agency.</p>	
<p>12. Summary of the Businesses, Business Sectors, Associations Representing Business, Local Governmental Units, and Individuals that may be Affected by the Proposed Rule that were Contacted for Comments. Although businesses, associations, and members of the public were not contacted directly for comments, each of these groups will have the opportunity to raise questions or discuss any concerns they may have at the public hearing on this proposed rule. In addition, the Department's professional staff and the College Savings Program Board have discussed at public meetings of the CSPB the need to correct obsolete or erroneous language in the current rules, and the need to conform the rules to current Wisconsin drafting practices to provide the most accurate, complete, and clear language possible in the administrative rules.</p>	

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13. Identify the Local Governmental Units that Participated in the Development of this EIA.

N/A

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14. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)

The proposed rule would have negligible, if any, economic and fiscal impact on any of the entities specified in this item.

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15. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

Implementing the rule ensures that the Administrative Code is current and up to date by removing outdated language and more accurately reflecting the full range of permissible uses of invested funds under applicable tax law. Implementing the rule will also provide greater clarity and consistency with the drafting style of other statutes and rules administered by the agency. These benefits will positively impact college savings program account owners and beneficiaries, the CSPB, and Department's professional staff. Not implementing the rule could cause confusion due to the existence of obsolete or incomplete references in the rules.

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16. Long Range Implications of Implementing the Rule

The revisions foster compliance with existing statutory policies requiring the elimination of obsolete or unauthorized rules, correction of cross-reference errors, elimination of conflicts with current statutes, and modification of existing rules to ensure consistency with current drafting conventions. The revisions will also ensure that program participants and potential participants have the most accurate information on allowable uses of funds that are invested with the College Savings Program.

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17. Compare With Approaches Being Used by Federal Government

26 U.S.C. 529 is the federal tax statute governing qualified tuition programs such as Wisconsin's college savings program. It establishes the requirements for state programs, permissible uses of funds by program participants, and penalties for impermissible uses.

Wisconsin law requires the College Savings Program Board to "[e]nsure that the college savings program meets the requirements of a qualified state tuition plan under 26 USC 529", to utilize section 529's definitions of qualified or nonqualified withdrawals, and to conform to section 529 in other respects. See Wis. Stats., ss. 224.50 (2) (b), 224.50 (2) (e), 224.50 (2) (i), and 224.50 (3) (a) 3.

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18. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

Every state that operates a college savings program similar to Wisconsin's plan is subject to 26 USC 529 and has enacted a statute that extensively refers to 26 USC 529. See, for example, Minn. Stat. Chapter 136G; Iowa Code, chapter 12D; 15 ILCS 505/16.5, Illinois Compiled Statutes; Michigan Compiled Laws, section 390.1471 to 390.1486, Michigan Education Savings Program Act, Act 161 of 2000.

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19. Contact Name

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20. Contact Phone Number

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**ATTACHMENT A**

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1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

N/A

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2. Summary of the data sources used to measure the Rule's impact on Small Businesses  
Staff experience in administering the College Savings Program.

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3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe:

N/A

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4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

N/A.

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5. Describe the Rule's Enforcement Provisions

N/A

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6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes     No
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