



**SENATE SUBSTITUTE AMENDMENT 1,
TO 2005 SENATE BILL 351**

October 4, 2005 – Offered by Senator KANAVAS.

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 divorced or legally separated parent to his or her
4 child’s college savings account or 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; the claimant’s grandchild; the claimant’s great-grandchild; or the claimant’s niece or nephew.

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 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; the claimant's grandchild; the claimant's great-grandchild; or the claimant's niece or nephew.

Under this substitute amendment, an income tax deduction for amounts contributed to both EdVest I and EdVest II may be claimed by a divorced or legally separated parent of a child. The deduction may be claimed without regard to whether the child is his or her dependent.

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 is one of the following: the
4 claimant; the claimant's child ~~and the claimant's dependent who is claimed under~~
5 ~~section 151 (c) of the Internal Revenue Code~~; the claimant's grandchild; the
6 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 is one of the
11 following: the claimant; the claimant's child ~~and the claimant's dependent who is~~
12 ~~claimed under section 151 (c) of the Internal Revenue Code~~; the claimant's
13 grandchild; the claimant's great-grandchild; or the claimant's niece or nephew;
14 calculated as follows:

15 **SECTION 3. Initial applicability.**

16 (1) This act first applies to taxable years beginning on January 1 of the year
17 in which this subsection takes effect, except that if this subsection takes effect after

1 July 31, this act first applies to taxable years beginning on January 1 of the year
2 following the year in which this subsection takes effect.

3 (END)