



**ASSEMBLY SUBSTITUTE AMENDMENT 3,
TO 2009 ASSEMBLY BILL 135**

October 28, 2009 – Offered by Representative MOLEPSKE JR..

1 **AN ACT to amend** 71.05 (6) (b) 32. (intro.) and 71.05 (6) (b) 33. (intro.) of the
2 statutes; **relating to:** the individual income tax deduction for certain amounts
3 contributed to a child’s college savings account or college tuition and expenses
4 program.

Analysis by the Legislative Reference Bureau

Under current law, as affected by 2009 Wisconsin Act 28 (the biennial budget act), 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 the 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; the claimant’s grandchild; the claimant’s great-grandchild; or the claimant’s niece or nephew.

Also, under current law, as affected by the biennial budget act, 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; the claimant's grandchild; the claimant's great-grandchild; or the claimant's niece or nephew.

Under the substitute amendment, for both EdVest I and EdVest II, the deduction may be claimed by any individual without regard to the beneficiary's relationship to the claimant.

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, as affected by 2009
2 Wisconsin Act 28, is amended to read:

3 71.05 **(6)** (b) 32. (intro.) An amount paid into a college savings account, as
4 described in s. 14.64, ~~if the beneficiary of the account is one of the following: the~~
5 ~~claimant; the claimant's child; the claimant's grandchild; the claimant's~~
6 ~~great-grandchild; or the claimant's niece or nephew;~~ calculated as follows:

7 **SECTION 2.** 71.05 (6) (b) 33. (intro.) of the statutes, as affected by 2009
8 Wisconsin Act 28, 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; the claimant's grandchild; the~~
12 ~~claimant's great-grandchild; or the claimant's niece or nephew;~~ calculated as
13 follows:

14 **SECTION 3. Initial applicability.**

15 (1) This act first applies to taxable years beginning on January 1, 2010.

16

(END)