



State of Wisconsin
2021 - 2022 LEGISLATURE

LRB-0598/P2
JK:kjf

DOA:.....Quinn, BB0185 - Automatic Adoption of Federal Changes to
College Savings Accounts

FOR 2021-2023 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

TAXATION

INCOME TAXATION

Federal changes to college savings accounts

This bill adopts for state income tax purposes current and future provisions of the federal Internal Revenue Code related to qualified tuition programs, including the provision that requires a taxpayer to reduce the amount that he or she claims as interest on education loans by the amount of distributions from a qualified tuition program treated as qualified higher education expenses under federal law. In addition, for state income tax purposes, current law requires a taxpayer to add back to his or her federal adjusted gross income any amount distributed from a qualified tuition program that was not used for qualified higher education expenses, if the amount was contributed to the qualified tuition program account after December 31, 2013, and the taxpayer also claimed that amount as a subtraction. Under the bill, the taxpayer must make that addition regardless of when the amount was contributed to the account.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 71.05 (6) (a) 26. a. of the statutes is amended to read:

71.05 **(6)** (a) 26. a. To the extent that the receipt of such amounts by the owner or beneficiary of the account results in a penalty as provided in [26 USC 529](#) (c) (6), any amount that was not used for qualified higher education expenses, as that term is defined in [26 USC 529](#) (e) (3), ~~and was contributed to the account after December 31, 2013,~~ except that this subd. 26. a. applies only to amounts for which a subtraction was made under par. (b) 32.

SECTION 2. 71.98 (11) of the statutes is created to read:

71.98 **(11)** QUALIFIED TUITION PROGRAMS. For taxable years beginning after December 31, 2018, sections 221 (e) (1) and 529 of the federal Internal Revenue Code in effect for federal purposes, relating to qualified tuition programs.

(END)