

State of Misconsin 2011 - 2012 LEGISLATURE



2011 SENATE BILL 364

January 5, 2012 – Introduced by Senator Grothman, cosponsored by Representatives Thiesfeldt, Jacque, Kerkman, Pridemore, Brooks, Spanbauer, T. Larson, Nygren, LeMahieu, Molepske Jr and Knodl. Referred to Committee on Financial Institutions and Rural Issues.

1 AN ACT to create 71.05 (6) (b) 48. of the statutes; relating to: creating an 2 individual income tax deduction for certain contributions to a Coverdell 3 Education Savings Account.

Analysis by the Legislative Reference Bureau

This bill creates an an individual income tax deduction for any amount contributed to a Coverdell Education Savings Account (CESA), in the year in which the contribution is made, subject to the limits and conditions specified in federal law for contributions to a CESA. Currently, the maximum allowable contribution to a CESA is \$2,000 each year per beneficiary, although that contribution amount phases down as a contributor's modified adjusted gross income (MAGI) increases from \$95,000 to \$110,000, or from \$190,000 to \$220,000 for a married couple filing jointly. No contributions are allowed once a contributor's MAGI is above the phase-out range.

Under federal law, contributions to a CESA must be made in cash, are not tax deductible, and may not be made once the beneficiary reaches the age of 18. The accounts themselves are exempt from taxation, and the proceeds of an account must be used for qualified education expenses, as defined under federal law, for a designated beneficiary. Qualified education expenses include certain elementary, secondary, and higher education expenses.

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.

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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:

1	SECTION 1. 71.05 (6) (b) 48. of the statutes is created to read:
2	71.05 (6) (b) 48. An amount contributed to a Coverdell Education Savings
3	Account under 26 USC 530, in the taxable year to which the subtraction relates, up
4	to the limits and subject to the conditions specified in 26 USC 530 (b) (1) (A) and 26
5	USC 530 (c).
6	SECTION 2. Initial applicability.
6 7	SECTION 2. Initial applicability. (1) This act first applies to taxable years beginning on January 1 of the year
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(END)