



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2013 Wisconsin Act 227
[2013 Senate Bill 389]

Taxes and Revenue

2013 Wisconsin Act 227 makes several changes to the state's college savings program and the income tax deduction associated with the program, including:

- Revision to the program's exemption from garnishment to specify that an account is not subject to lien, levy, attachment, execution, or other process of law. Prior to Act 227, the program's exemption provided that a beneficiary's right to qualified withdrawals is not subject to garnishment, attachment, execution, or other process of law.
- Creation of add-backs for purposes of calculating the state income tax for:
 - Any amounts of savings program distributions that were not used for qualified expenses, to the extent that the amount was previously claimed as a deduction, if the receipt of those amounts by the owner or beneficiary results in a penalty under federal law. This calculation first applies to contributions made after December 31, 2013.
 - Amounts rolled over to a college savings program in another state, to the extent that the amount was previously claimed as a deduction.
- Extension of the deadline for college savings program contributions to the 15th day of the 4th month of the year after the taxable year to which the deduction relates.
- Expansion of the people who may contribute to college savings program accounts from "parents, grandparents, great grandparents, aunts and uncles" to "any individual."
- Creation of an inflation adjustment for annual contribution amounts.

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.wisconsin.gov>.

One East Main Street, Suite 401 • P.O. Box 2536 • Madison, WI 53701-2536
(608) 266-1304 • Fax: (608) 266-3830 • Email: leg.council@legis.wisconsin.gov
<http://www.legis.wisconsin.gov/lc>

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Effective date: April 10, 2014, except that the effective date of the add-back provisions described in the second bullet point above is June 1, 2014.

Prepared by: Scott Grosz, Senior Staff Attorney

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