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## WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

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<b>2013 Senate Bill 389</b>	<b>Senate Amendment 1</b>
<i>Memo published: January 17, 2014</i>	<i>Contact: Scott Grosz, Senior Staff Attorney (266-1307)</i>

2013 Senate Bill 389 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. Under current law, the program's exemption states 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.
  - 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 two-year deadline for college savings program contributions to April 15 of the next year, subject to any applicable filing extensions.
- 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.

### **SENATE AMENDMENT 1**

Senate Amendment 1 to Senate Bill 389 makes several changes to the bill, including:

- For the first income tax add-back provision described above, Senate Amendment 1 would specify that the add-back first applies to contributions made after December 31, 2013. The amendment also delays the effective date of the add-back provisions to June 1, 2014.
- In relation to the contribution deadline, the amendment deletes the reference to filing extensions, thus creating a specific deadline of April 15 of the year following the taxable year in which the contributions would be claimed.
- With regard to the inflation adjustment, Senate Amendment 1 moves the benchmark date for the adjustment from October 2011 to August 2012.

### **BILL HISTORY**

Senate Amendment 1 was offered by Senator Darling on January 10, 2014. On January 15, 2014, the Senate Committee on Workforce Development, Forestry, Mining, and Revenue recommended adoption of Senate Amendment 1 and passage of Senate Bill 389, as amended, each on a vote of Ayes, 5; Noes, 0.

SG:jal