Wisconsin Department of Administration Division of Executive Budget and Finance DOA-2048 (R07/2000)

Fiscal Estimate - 2001 Session

☑ Original ☐ Up	odated 🔲 Corr	rected	Supplemental			
LRB Number 01-2254/1	Introducti	ion Number Al	B-298			
Subject Allow grandparents an individual income tax deduction for Ed Vest contributions						
Fiscal Effect						
State: No State Fiscal Effect Indeterminate Increase Existing Appropriations Decrease Existing Appropriations Create New Appropriations	Increase Existing Revenues Decrease Existing Revenues	Increase Costs - absorb within age Yes Decrease Costs				
Local: No Local Government Costs Indeterminate 1. Increase Costs Permissive Mandatory 2. Decrease Costs Permissive Mandatory Permissive Mandatory Permissive Mandatory Permissive Mandatory Decrease Revenue Permissive Mandatory Permissive Mandatory Districts 5. Types of Local Government Units Affected Towns Counties Counties Others School Districts Districts						
Fund Sources Affected Affected Ch. 20 Appropriations GPR FED PRO PRS SEG SEGS						
Agency/Prepared By	Authorized Signa	iture	Date			
DOR/ Meredith Krejny (608) 261-8984	Dennis Collier (60)	Dennis Collier (608) 266-5773				

Fiscal Estimate Narratives DOR 04/20/2001

LRB Number 01-2254/1	Introduction Number AB-298	Estimate Type	Original		
Subject					
Allow grandparents an individual income tax deduction for Ed Vest contributions					

Assumptions Used in Arriving at Fiscal Estimate

This bill would allow grandparents to claim a deduction for contributions to a prepaid college tuition plan benefiting the claimant's grandchild. Under current law, an individual income tax deduction for each beneficiary of up to \$3,000 per year is available only to parents or guardians who make contributions to accounts benefiting their children or dependents, or to beneficiaries who open their own accounts.

According to EdVest, there are currently 2,166 existing accounts. Approximately 12%, or about 260, of these accounts have been opened by individuals who are grandparents of the beneficiary. If total participation were to increase by as many as 5,000 new accounts annually and assuming that the percentage of grandparents opening accounts will remain constant, 600 new accounts would be deductible under this bill. Assuming that the average annual contribution is \$2,600 and an average marginal tax rate of 6.14%, the revenue loss from this bill would be approximately \$140,000 (\$2,600 x 860 accounts x 0.0614).

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

☑ Original ☐ Updated	Corrected	Supplemental	
LRB Number 01-2254/1	Introduction Numb	er AB-298	
Subject			
Allow grandparents an individual income tax d	eduction for Ed Vest contribution	ns	
I. One-time Costs or Revenue Impacts for S	State and/or Local Governmen	t (do not include in	
annualized fiscal effect):			
		· .	
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs	
A. State Costs by Category	•		
State Operations - Salaries and Fringes	\$		
(FTE Position Changes)			
State Operations - Other Costs		: ·	
Local Assistance			
Aids to Individuals or Organizations	\$	\$	
TOTAL State Costs by Category	3	3	
B. State Costs by Source of Funds		<u> </u>	
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only wh (e.g., tax increase, decrease in license fee,	en proposal will increase or d	ecrease state revenues	
(2.3.)	Increased Rev	Decreased Rev	
GPR Taxes	\$	\$-140,000	
GPR Earned			
FED			
PRO/PRS	·		
SEG/SEG-S			
TOTAL State Revenues	\$	\$-140,000	
NET ANNUA	ALIZED FISCAL IMPACT		
	<u>State</u>	Local	
NET CHANGE IN COSTS	\$	\$	
NET CHANGE IN REVENUE	\$-140,000	\$	
Agency/Prepared By	Authorized Signature	Date	
DOR/ Meredith Krejny (608) 261-8984	Dennis Collier (608) 266-5773 04/19/2001		