## Fiscal Estimate - 2001 Session

☑ Original ☐ Updated	Corrected Suppl	emental		
LRB Number <b>01-2254/1</b>	Introduction Number AB-298			
Subject Allow grandparents an individual income tax dec	duction for Ed Vest contributions			
Fiscal Effect				
Appropriations Reversible Propriations Propri	Increase Costs - May be absorb within agency's benues  Enues  Enues  Enues  Increase Costs - May be absorb within agency's benues  Increase Costs  Increase Costs - May be absorb within agency's benues  Increase Costs - May be absorb within agency's benue absorb within agency's benues  Increase Costs - May be absorb within agency ag	udget No		
Permissive Mandatory Perm  2. Decrease Costs 4. Decre	Towns Village issive Mandatory Counties Others ease Revenue School WTCS hissive Mandatory Districts District	 3		
Fund Sources Affected Affected Ch. 20 Appropriations				
GPR FED PROPERS M	SEG SEGS 20.585 (2)(q) and (s)			
Agency/Prepared By	Authorized Signature	Date		
TREAS/ Marty Olle (608) 264-7886	Scott Feldt (608) 266-3712 4/13/01			

## Fiscal Estimate Narratives TREAS 4/13/01

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**

- a. 12% of all EdVest account owners are grandparents.
- b. Assume % will remain constant, because parents are also eligible for the tax deduction.
- c. To date, the average # of new accounts annually is 600. Grandparents = 72.
- d. Assume new accounts will increase to 5,000 annually [ 600 grandparents] due to new partnership with private vendor, additional investment options available to participants, and increased marketing/public awareness.
- e. Fach new account has an average initial investment of \$2,040 plus \$93/month.
- f. Annualized increase in EdVest revenues =

First full year:  $2,040 + [93 \times 6 \text{ months}] = 2,600 \times 600 \text{ accounts} = 1,560,000.$ 

The higher level of account activity will increase the processing and customer support workload for EdVest staff. Postage and printing costs will increase slightly. All can be absorbed in the program budget.

## Long-Range Fiscal Implications

Long-range revenue and administrative cost increases will be monitored through the biennial budget and s.16.515 process.