

Fiscal Estimate Narratives

DOR 8/27/2007

LRB Number	07-1383/3	Introduction Number	SB-254	Estimate Type	Original
Description Allowing an individual income tax deduction for certain amounts contributed by a divorced or legally separated parent to his or her child's college savings account or college tuition and expenses program and limiting the deduction that may be claimed by a married person who files separately					

Assumptions Used in Arriving at Fiscal Estimate

Wisconsin allows for a deduction of \$3,000 from federal adjusted gross income for contributions made to an EdVest account, a college tuition savings program, for each beneficiary if the beneficiary is one of the following: the claimant, the claimant's dependent, the claimant's grandchild, the claimant's great-grandchild, or the claimant's niece or nephew. The bill would allow the deduction when the beneficiary is the claimant's child regardless of whether or not the child is also the claimant's dependent. The proposed bill would limit the deduction to \$1,500 of contributions made to an EdVest account for each beneficiary by married separate filers.

The bill would increase revenue from married separate filers while decreasing revenue from divorced filers. Because the number of divorced and legally separated tax filers contributing money to an EdVest account for their children is unknown, the fiscal effect is indeterminate. The department will incur \$7,500 in LTE costs and \$1,000 in supply costs annually under this proposal.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Allowing an individual income tax deduction for certain amounts contributed by a divorced or legally separated parent to his or her child's college savings account or college tuition and expenses program and limiting the deduction that may be claimed by a married person who files separately			
I. One-time Costs or Revenue Impacts for State and/or Local Government (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		\$7,500	\$
(FTE Position Changes)			
State Operations - Other Costs		1,000	
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$8,500	\$
B. State Costs by Source of Funds			
GPR		8,500	
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$8,500	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
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