



## Fiscal Estimate Narratives

DOR 12/21/2011

LRB Number	11-3148/1	Introduction Number	AB-0466	Estimate Type	Original
<b>Description</b> Creating an individual income tax deduction for certain contributions to a Coverdell Education Savings Account					

### Assumptions Used in Arriving at Fiscal Estimate

Under current federal law, individuals may contribute up to \$2,000 to a Coverdell Education Savings Account (CESA) each year for each designated beneficiary. The contributions are not tax deductible. However, the earnings from the accounts are exempt from taxation if the proceeds are used for qualified education expenses, as defined under federal law. Wisconsin conforms to federal law and allows and income tax exemption for the earnings from CESAs.

This bill creates a new individual income tax deduction for amounts contributed to a CESA.

Based on a simulation using 2008 individual income tax returns, adjusted for 2012 income levels and law, the deduction for contributions to CESAs is estimated to reduce revenue by \$880,000 annually beginning in fiscal year 2013.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2011 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> 11-3148/1		<b>Introduction Number</b> AB-0466	
<b>Description</b> Creating an individual income tax deduction for certain contributions to a Coverdell Education Savings Account			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	<b>TOTAL State Costs by Category</b>	<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$-880,000
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$-880,000</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$-880,000	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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