



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2003 Wisconsin Act 289 [2003 Assembly Bill 209]	EdVest Tax Deduction for Great-Grandparents, Aunts, and Uncles
2003 Acts: www.legis.state.wi.us/2003/data/acts/	Act Memos: www.legis.state.wi.us/lc/act_memo/act_memo.htm

Wisconsin currently offers two college savings programs: “EdVest I” and “EdVest II.” Under EdVest I, a contributor may purchase “tuition units” that can be used to pay qualified educational costs on behalf of a beneficiary. The purchase of tuition units is limited to parents, grandparents, aunts, uncles, legal guardians, trusts created on behalf of a beneficiary, or individuals purchasing units for their own use. Contributions made to an account set up under the program, up to a limit of \$3,000 each year for each beneficiary, may be deducted from a contributor’s income in the calculation of his or her income taxes if the beneficiary of the account is one of the following: the claimant; the claimant’s child and the claimant’s dependent under the Internal Revenue Code; or the claimant’s grandchild.

Under EdVest II, anyone may open an account for a prospective student, regardless of the contributor’s relationship to the beneficiary. Individuals may open accounts for themselves and a prospective student may be the beneficiary of more than one college savings account. Contributions made to an account set up under the program, up to a limit of \$3,000 each year for each beneficiary, may be deducted from a contributor’s income in the calculation of his or her income taxes if the beneficiary of the account is one of the following: the claimant; the claimant’s child and the claimant’s dependent under the Internal Revenue Code; or the claimant’s grandchild.

Under 2003 Wisconsin Act 289, an income tax deduction for amounts contributed to an EdVest I or II account may be claimed by a great-grandparent, aunt, or uncle of the beneficiary, subject to the same limits and conditions that exist under current law.

Currently, the total amount for which a deduction may be claimed under the EdVest I and EdVest II programs, per beneficiary, by any claimant, may not exceed \$3,000 each year and, in the case of a married couple filing a joint return, the total annual deduction under these two programs, per beneficiary, claimed by the married couple may not exceed \$3,000. This provision of current law is not changed by the bill.

Effective Date: May 5, 2004.

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May 12, 2004

MM:rv

This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents.