

*STATE OF WISCONSIN**REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS**2015 SENATE BILL 604*

[Introduced by Senator Marklein cosponsored by; Representative Macco.]

General Nature of the Proposal

Current federal law allows states to authorize the creation of tax-preferred accounts to pay qualified expenses of individuals with disabilities, under a program titled, Achieving a Better Life, or "ABLE". Under federal law, a resident of one state may contribute to an ABLE account created pursuant to the laws of another state. Under 2015 Wisconsin Act 55, Wisconsin authorized the creation of ABLE accounts under state law, and provided a tax deduction for contributions to an ABLE account and tax exemption for account earnings.

2015 Senate Bill 604 repeals the authority to create an ABLE account under Wisconsin law. The tax preferences for ABLE accounts created pursuant to the laws of another state remain in effect under the bill.

Legality Involved

There are no issues of legality involved.

Fiscal Effect Upon the State and Its Subdivisions

The Department of Revenue estimates Senate Bill 604 to have a minimal fiscal effect to increase tax revenue, under its assumption that, absent the ability to create an ABLE account under Wisconsin law, certain taxpayers may choose not to contribute to any ABLE account, such as an account formed under the laws of another state.

The Department of Administration estimates the bill would eliminate the annual spending of \$300,000 to \$350,000 to implement and administer Wisconsin's ABLE program, but that an indeterminate amount of spending may be required in order to assist Wisconsin residents with the administration of ABLE accounts created under the laws of other states.

Public Policy Involved

The Joint Survey Committee on Tax Exemptions finds that there is appropriate public policy on the tax exemptions in Senate Bill 604.

01/28/16

JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS