

## ADMINISTRATIVE RULES Fiscal Estimate & Economic Impact Analysis

1. Type of Estimate and Analysis <input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated <input type="checkbox"/> Corrected	2. Date December 6, 2019
3. Administrative Rule Chapter, Title and Number (and Clearinghouse Number if applicable) Sections CSP 1.03, 1.06(1) and 1.12	
4. Subject Account ownership, rollovers and refunds under the College Savings Program.	
5. Fund Sources Affected <input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S	6. Chapter 20, Stats. Appropriations Affected 20.144(1)(g)
7. Fiscal Effect of Implementing the Rule <input checked="" type="checkbox"/> No Fiscal Effect <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Indeterminate <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Could Absorb Within Agency's Budget	
8. The Rule Will Impact the Following (Check All That Apply) <input type="checkbox"/> State's Economy <input checked="" type="checkbox"/> Specific Businesses/Sectors <input type="checkbox"/> Local Government Units <input type="checkbox"/> Public Utility Rate Payers <input type="checkbox"/> Small Businesses (if checked, complete Attachment A)	
9. Estimate of Implementation and Compliance to Businesses, Local Governmental Units and Individuals, per s. 227.137(3)(b)(1). \$0.	
10. Would Implementation and Compliance Costs Businesses, Local Governmental Units and Individuals Be \$10 Million or more Over Any 2-year Period, per s. 227.137(3)(b)(2)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
11. Policy Problem Addressed by the Rule Account ownership. The college savings program permits individuals, trusts, and entities to establish college savings accounts to cover educational costs for beneficiaries at eligible institutions. Wis. Stat. s. 224.50(2)(a). The current state administrative rule mandates that "[t]here shall be only one owner per account," DFI-CSP 1.03, which limits the flexibility of program participants in establishing and managing their accounts. The federal statute governing college savings programs, 26 U.S.C. s. 529 ("Section 529") does not expressly bar joint ownership of accounts. To ensure that program participants enjoy greater flexibility, the College Savings Program Board proposes removing the one-owner restriction from DFI-CSP 1.03 and replacing it with language authorizing joint ownership of accounts to the full extent permitted by Section 529.  Rollovers. DFI-CSP 1.09(4) authorizes participants to make rollover contributions from accounts held with other states' Section 529 college savings programs. Under the current administrative rule, "[i]f rollover distributions are allowed by another state's qualified tuition program, an account may deposit all or part of the funds from an account in that state's qualified tuition program to a new account in the program as provided under section 529 of the internal revenue code, and any regulations issued thereunder." The Board proposes to simplify this language and clarify its breadth by stating that rollovers are permitted to the full extent authorized by Section 529 or another state's qualified tuition program. This revision should ensure that Wisconsin administrative law will not be construed in a manner that could restrict this state's college savings program from accepting rollover contributions that would otherwise be permissible under the law of other affected jurisdictions.  Refunds. When students transfer or withdraw their enrollments, educational institutions may owe refunds of tuition and fees paid from those students' college savings accounts. Under the current state administrative rule, such refunds must be paid "directly to the program manager for credit to the applicable designated beneficiary's account." DFI-CSP 1.12. That rule is more restrictive than federal law, which permits a refund to be paid to any qualified college savings account for the beneficiary. 26 U.S.C. s. 529(c)(3)(D). For that reason, the College Savings Program Board proposes replacing	

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the above-quoted language with language authorizing the payment of refunds in any manner permitted by Section 529.

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12. Summary of the Businesses, Business Sectors, Associations Representing Business, Local Governmental Units, and Individuals that may be Affected by the Proposed Rule that were Contacted for Comments.

The proposed revisions affect participants in the state's college savings program and the program vendor responsible for managing participant accounts (presently TIAA-CREF Tuition Financing). These individuals have not been individually contacted for comment, but will have the opportunity to comment pursuant to the rule making process under ch. 227, Stats. The vendor has been advised of and supports the proposed revisions.

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13. Identify the Local Governmental Units that Participated in the Development of this EIA.

n/a

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14. Summary of Rule's Economic and Fiscal Impact on Specific Businesses, Business Sectors, Public Utility Rate Payers, Local Governmental Units and the State's Economy as a Whole (Include Implementation and Compliance Costs Expected to be Incurred)

The rule should have no economic or fiscal impact on these entities, including implementation and compliance costs.

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15. Benefits of Implementing the Rule and Alternative(s) to Implementing the Rule

These revisions ensure that state law grants participants the full range of options and benefits authorized by Section 529 as regards account ownership, rollovers and refund processing.

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16. Long Range Implications of Implementing the Rule

These revisions ensure future conformity of state administrative rules with federal law governing college savings programs.

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17. Compare With Approaches Being Used by Federal Government

The federal law, 26 U.S.C s. 529, affords participants greater flexibility in managing accounts under the college savings program than under the state's current administrative rules.

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18. Compare With Approaches Being Used by Neighboring States (Illinois, Iowa, Michigan and Minnesota)

Minnesota and Michigan do not have any administrative code provisions regarding Section 529 college savings programs. Illinois' administrative code, Title 23, Part 2500, does not address account owners, rollovers or refunds. Iowa's administrative code, Chapter 16, does not permit multiple account owners, and does not address rollovers or refunds.

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19. Contact Name	20. Contact Phone Number
Matthew Lynch, Chief Legal Counsel	608-266-7968

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**ADMINISTRATIVE RULES**  
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**ATTACHMENT A**

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1. Summary of Rule's Economic and Fiscal Impact on Small Businesses (Separately for each Small Business Sector, Include Implementation and Compliance Costs Expected to be Incurred)

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2. Summary of the data sources used to measure the Rule's impact on Small Businesses

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3. Did the agency consider the following methods to reduce the impact of the Rule on Small Businesses?

- Less Stringent Compliance or Reporting Requirements
- Less Stringent Schedules or Deadlines for Compliance or Reporting
- Consolidation or Simplification of Reporting Requirements
- Establishment of performance standards in lieu of Design or Operational Standards
- Exemption of Small Businesses from some or all requirements
- Other, describe:

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4. Describe the methods incorporated into the Rule that will reduce its impact on Small Businesses

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5. Describe the Rule's Enforcement Provisions

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6. Did the Agency prepare a Cost Benefit Analysis (if Yes, attach to form)

- Yes     No
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