
Wisconsin Legislative Council

AMENDMENT MEMO



Memo published: January 12, 2024

Contact: Scott Grosz, Principal Attorney

2023 Assembly Bill 793

**Assembly
Amendment 1**

2023 ASSEMBLY BILL 793

2023 Assembly Bill 793 makes various changes to the state's college savings programs, as well as to the employee college savings account contribution tax credit.

Employee College Savings Account Contribution Tax Credit

With respect to the employee college savings account contribution tax credit, under current law, a qualified employer is eligible to claim an income tax credit for an amount equal to 25 percent of the amount the employer contributes to an employee's college savings account, subject to a maximum that is 25 percent of the maximum amount for which an individual contributor to a college savings account may claim as a deduction. Assembly Bill 793 revises the maximum employee college savings account contribution credit to be 50 percent of the amount the employer contributes, not to exceed \$800, adjusted for inflation. The bill also permits the credit to be claimed by a sole proprietor, and specifies that credits may be claimed only for employees whose compensation is reported, or required to be reported, on a W-2 form.

College Savings Programs

With respect to the treatment of the state's college savings programs, Assembly Bill 793 revises certain references to federal law to more accurately reflect the state's prior conformation to the federal definition of qualified higher education expenses. The bill also amends the administration of college savings accounts to require the use of a first-in, first-out accounting method for account withdrawals and restrictions on carry-overs of contributions. Additionally, the bill increases the maximum amount of account contributions that may be deducted for state individual income tax purposes to \$5,000, indexed for inflation, or \$2,500, indexed for inflation, for a married individual filing a separate return, and repeals the contribution limitation for divorced individuals.

ASSEMBLY AMENDMENT 1

As described above, the bill revises certain statutory provisions to more accurately reflect alignment with federal law. Rather than listing specific terms referenced in federal law, Assembly Amendment 1 revises one of these provisions, s. 224.50 (2) (a), Stats., to more generally allow the establishment of a college savings account for the purposes set forth under federal law.

BILL HISTORY

2023 Assembly Bill 793 was introduced by Representative Binsfeld on December 8, 2023. On January 5, 2024, Representative Binsfeld offered Assembly Amendment 1 to Assembly Bill 793. On January 11,

2024, the Assembly Committee on Ways and Means recommended adoption of Assembly Amendment 1 and passage of Assembly Bill 793, as amended, on successive votes of Ayes, 11; Noes, 0.

For a full history of the bill, visit the Legislature's [bill history page](#).

SG:ksm