



Alberta Darling
Wisconsin State Senator
Joint Committee on Finance

TESTIMONY BEFORE THE ASSEMBLY COMMITTEE ON WAYS AND MEANS
Assembly Bill 491
Senator Alberta Darling
November 21, 2013

Thank you Committee Chair Marklein and members for giving me the opportunity to testify in favor of Assembly bill 491 which expands the highly successful EdVest program. I am pleased to be joined by Rep. Nygren to discuss the details of the bill.

As a member of the College Savings Program Board, I have seen first-hand the growth and fiscally responsible management of the program. Higher education is one of the most expensive and important investments a person makes in their lifetime, having money set aside early will reduce or eliminate the student loan debt a person may obtain otherwise. Wisconsin currently allows for a maximum deduction of \$3,000 for contributions to an EdVest account. The bill would begin indexing the deduction to reflect the Consumer Price Index in the 2014 taxable year. This will allow for greater investments to match the rising cost of higher education. Individuals will also be able to carry forward deductions that exceed the maximum amount to future taxable years. This has the benefit of growing accounts earlier to benefit from long term investing. Restrictions on who may contribute to the accounts have been lifted to encourage extended family, friends, and community to participate. This will also allow a person to make contributions to their own account for example if they decide to save to attend graduate school. Finally, the period for deductible contributions will be extended to April 15th which will accelerate some claims.

I ask that the committee support Assembly bill 491, to expand the EdVest program so the next generation of college students have the financial means to do so. Thank you again for allowing me to testify in favor of this important piece of legislation.

Wisconsin Assembly Ways and Means Committee
November 21, 2013 – AB 491

Testimony prepared for delivery by Jim DiUlio
Director, Wisconsin 529 College Savings Program
Department of Administration

Good morning Chairman Marklein and Committee members. As director of Wisconsin's 529 College Savings Program, I am here in support of Assembly Bill 491, which improves our two popular plans – Edvest and Tomorrow's Scholar. The bill encourages wider participation for pre-college savings by families and friends, all to benefit our children. The proposed changes also follow recent improvements in other states, keeping our plans attractive nationwide; you may not know we have account owners in all of the states, the District of Columbia, and with many Americans living abroad. Wisconsin, like many states, offers an additional in-state tax benefit on new contributions to accounts; this amount has not changed in a decade and this bill will allow modest annual increases with inflation. There is also a technical fix to bring statutes in agreement with now-current federal law.

Two weeks ago, I spoke at a Senate hearing on the companion bill, SB 389, and expressed concern about effective dates and timing issues with this legislation. As state-issued securities, both Edvest and Tomorrow's Scholar plans need to comply with rigid federal rules in advance of many changes. I may have come across as too serious expressing my caution, but then I'm a serious person. Since then, I have discussed these points with legislative staff, and we will work together to see the legislation arrives in the proper form.

Finally, I appreciate Representative Nygren and Senator Darling for sponsoring this legislation which will benefit Wisconsin's children. The Senator has always been a strong advocate for the program and was the author of the original legislation creating it. She continues to serve on our Board, including a number of terms as the Board's Chair. Representative Nygren brings first-hand knowledge to this topic, as a financial services professional, working with parents and planning for higher education.

This bill, as modified, will have minimal administrative cost impact at DOA.

I would be happy to answer any questions from the Committee.