



WISCONSIN CATHOLIC CONFERENCE

TO: Representative Samantha Kerkman, Chair
Members, Assembly Committee on Ways and Means

FROM: Kim Wadas, Associate Director, Education and Health Care

DATE: February 9, 2012

RE: Assembly Bill 466, Deduction for Coverdell Education Savings Account Contributions

The Wisconsin Catholic Conference urges your support for Assembly Bill 466. AB 466 allows individuals to claim an income tax deduction for amounts contributed to a Coverdell Education Savings Account (CESA). By encouraging more investment in the educational needs of students, AB 466 empowers families to obtain high quality instruction, ensuring that Wisconsin's children are better able to meet the challenges of an increasingly competitive marketplace.

Distributions from a CESA may be used for the qualified education expenses of a beneficiary up until the age of 30. (The CESA must be established before a beneficiary reaches age 18 or be for a special needs beneficiary). Most individuals can annually contribute up to two thousand dollars to a CESA, and while those contributions are taxable under current federal and state law, the accounts may grow tax free. Distributions can be used for expenses incurred at an eligible education institution, be it public or private, and can be used for all levels of education, including post-secondary education.

AB 466 allows individuals to claim a personal income tax deduction in Wisconsin for the contributions made to a CESA. Under AB 466, families of modest incomes can lessen their tax burden and alleviate some of the fiscal barriers that may prevent a student from furthering his or her education.

Parents are the primary educators of their children, but society must support parents in this role. By encouraging the use of CESAs here in Wisconsin, AB 466 will help families to meet their children's educational needs. Also, this bill continues to recognize the common contribution made by all educational institutions, public or private.

Wisconsin has always been on the forefront of education, recognizing the need to grow and expand quality educational opportunities for our children. By fostering investment in quality education through this income tax deduction, Wisconsin can continue the proud tradition of ensuring that superior educational opportunities are available to all.

The WCC urges your support for AB 466.