

Fiscal Services Division
Legislative Services Agency
Fiscal Note

SF 2303 - Higher Education Plan Income Tax Deductions (LSB 5066 SV)
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Fiscal Note Version - New

Description

Senate File 2303 allows Iowa income tax deductions for contributions made to qualified tuition programs (*i.e.*: Independent 529 Plan). An Independent 529 Plan is a counterpart to College Savings Iowa administered by the Treasurer of State. The tax law change applies retroactively to tax years beginning on or after January 1, 2004.

Assumptions

1. There are 3,200 private college students that will benefit from the Iowa tax-deductible status of contributions to a qualified tuition program.
2. The average total annual contribution on behalf of each student will be \$1,450.
3. The average marginal State income tax rate will be 5.5%.
4. The creation of the new deduction will not impact the General Fund cost of the deduction allowed for contributions to College Savings Iowa.

Fiscal Impact

The tax deduction created in Senate File 2303 will reduce General Fund income tax receipts by \$255,000 per year, starting FY 2005.

Source

Department of Revenue

Dennis C Prouty

April 6, 2004

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
