

**Fiscal Services Division**  
**Legislative Services Agency**  
**Fiscal Note**

---

HF 2553 - College Savings Iowa (LSB 6103 HV)  
Analyst: Jeff Robinson (Phone: (515) 281-4614) (jeff.robinson@legis.state.ia.us)  
Fiscal Note Version - New

---

**Description**

House File 2553 makes technical and substantive changes to the Iowa Educational Savings Plan Trust (College Savings Iowa). The changes will marginally increase participation in the tax-deductible program.

**Assumptions**

1. Current contributions to College Savings Iowa reduce the Iowa income tax liability of contributors by \$2.7 million per year.
2. The future base growth of tax-deductible contributions to College Savings Iowa will be 31.0%.
3. The changes in HF 2553 will increase the growth rate by 5.0% in FY 2005.
4. The average marginal income tax rate for contributors will be 5.5%.
5. The additional deductions will not begin until after June 30, 2004.

**Fiscal Impact**

The tax law changes in HF 2553 will reduce General Fund income tax revenue by \$130,000 in FY 2005 and \$175,000 in FY 2006. The revenue reduction will increase marginally in subsequent years as overall program participation increases.

**Source**

Treasurer of State

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.

---