

House Bill 2462

Sponsored by Representative BUTLER

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Increases amount that joint filing taxpayers may subtract from federal taxable income for contributions to college savings network.

Applies to contributions made to college savings network accounts in tax years beginning on or after January 1, 2008.

A BILL FOR AN ACT

1
2 Relating to college savings network accounts; creating new provisions; and amending ORS 316.699
3 and 348.841.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 316.699 is amended to read:

6 316.699. (1) There shall be subtracted from federal taxable income the amount contributed to a
7 college savings network account established under ORS 348.841 to 348.873.

8 (2) Notwithstanding subsection (1) of this section, a subtraction under this section may not ex-
9 ceed the lesser of:

10 *[(a) \$2,000 for the tax year or, in the case of a married individual filing separately, \$1,000 for the*
11 *tax year; and]*

12 **(a) \$4,000 for the tax year if the taxpayer files a joint return, or \$2,000 for the tax year**
13 **if the taxpayer files a return other than a joint return; and**

14 (b) If an amount is carried forward to a succeeding tax year under subsection (3) of this section,
15 the balance in the college savings network account at the close of the tax year for which the sub-
16 traction is being made.

17 (3) Any amounts contributed to a college savings network account that are not subtracted from
18 federal taxable income because of the monetary limitations imposed by subsection (2) of this section
19 may be carried forward for four succeeding tax years and subtracted from federal taxable income
20 in any of those succeeding tax years in an amount that does not exceed the monetary limitations
21 imposed by subsection (2) of this section.

22 (4) The amount contributed to a college savings network account may be subtracted from a
23 preceding tax year if the contribution is made before the taxpayer files a return or before the 15th
24 day of the fourth month following the closing of the taxpayer's tax year, whichever is earlier.

25 **SECTION 2.** The amendments to ORS 316.699 by section 1 of this 2007 Act apply to tax
26 years beginning on or after January 1, 2008.

27 **SECTION 3.** ORS 348.841 is amended to read:

28 348.841. As used in ORS 348.841 to 348.873:

29 (1) "Account" means an individual account established in accordance with ORS 348.841 to
30 348.873.

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.
New sections are in **boldfaced** type.

1 (2) "Account owner" means the person who has the right to withdraw funds from the account.
2 The account owner may also be the designated beneficiary of the account.

3 (3) "Board" means the Oregon 529 College Savings Board established under ORS 348.849.

4 (4) "Designated beneficiary" means, except as provided in ORS 348.867, the individual designated
5 at the time the account is opened as having the right to receive a qualified withdrawal for the
6 payment of qualified higher education expenses, or if the designated beneficiary is replaced in ac-
7 cordance with ORS 348.867, the replacement.

8 (5) "Financial institution" means a bank, a commercial bank, a national bank, a savings bank,
9 a savings and loan, a thrift institution, a credit union, an insurance company, a trust company, a
10 mutual fund, an investment firm or other similar entity authorized to do business in this state.

11 (6) "Higher education institution" means an eligible education institution as defined in section
12 529(e)(5) of the Internal Revenue Code.

13 (7) "Internal Revenue Code" means the federal Internal Revenue Code[, *as amended and in effect*
14 *on December 31, 2002*].

15 (8) "Member of the family" shall have the same meaning as contained in section 529(e) of the
16 Internal Revenue Code.

17 (9) "Network" means the Oregon 529 College Savings Network established under ORS 348.841
18 to 348.873.

19 (10) "Nonqualified withdrawal" means a withdrawal from an account that is not a qualified
20 withdrawal.

21 (11) "Qualified higher education expenses" means tuition and other permitted expenses as set
22 forth in section 529(e) of the Internal Revenue Code for the enrollment or attendance of a designated
23 beneficiary at a higher education institution.

24 (12) "Qualified withdrawal" means a withdrawal made as prescribed under ORS 348.870 and
25 made:

26 (a) From an account to pay the qualified higher education expenses of the designated benefi-
27 ciary;

28 (b) As the result of the death or disability of the designated beneficiary;

29 (c) As the result of a scholarship, allowance or payment described in section 135(d)(1)(A), (B)
30 or (C) of the Internal Revenue Code that is received by the designated beneficiary, but only to the
31 extent of the amount of the scholarship, allowance or payment; or

32 (d) As a rollover or change in the designated beneficiary described in ORS 348.867.
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