

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Be Adopted
Vote:	10 - 0 - 0
Yeas:	Dembrow, Harker, Huffman, Komp, Maurer, Roblan, Sprenger, Thatcher, VanOrman, Gelser
Nays:	0
Exc.:	0
Prepared By:	Kevin T. Christiansen, Administrator
Meeting Dates:	3/9

WHAT THE MEASURE DOES: Urges Congress to amend Section 529 of the Internal Revenue Code to allow accounts in qualified tuition programs to be used for repayment of student loans when the designated beneficiary is a student entering college between 2004 and 2012. Requests that Congress enact legislation that would ensure that current standards regarding qualified higher education expenses are applied to student loan repayment. Urges Congress to make these changes immediately applicable to accounts that are already open.

ISSUES DISCUSSED:

- Recent losses in 529 College Savings Accounts
- Assisting families with recovery of 529 College Savings Account losses

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The 1999 Legislature created Oregon's 529 College Savings Network. The plan, named for Section 529 of the Internal Revenue Code, allows for the creation of savings accounts in which families can set aside funds for future college costs. Investments in 529 accounts grow tax-deferred, and can be used to pay for "Qualified Higher Education Expenses", which include tuition, room and board, and books and supplies. Student loan repayment is not considered a "Qualified Higher Education Expense."

Recent economic conditions have adversely affected the value of Oregon's 529 College Savings accounts which has led to problems for account holders whose children will soon be attending college and will not have time to recover their account losses because of the need to pay for education expenses. HJM 10 urges a change in federal law that would allow 529 account holders to use their accounts to repay student loans, rather than pay for tuition, room and board, and books and supplies. The change advocate by the Memorial would permit a 529 account holder time to rebuild their account's value while the account beneficiary attends college.