

**REVENUE:** No revenue impact

**FISCAL:** No fiscal impact

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**Action:** Be Adopted  
**Vote:** 5 - 0 - 0  
**Yeas:** Bonamici, Kruse, Metsger, Morse, Hass  
**Nays:** 0  
**Exc.:** 0  
**Prepared By:** Dana Richardson, Administrator  
**Meeting Dates:** 5/27

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**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.

**ISSUES DISCUSSED:**

- Similar measures in other states
- Provisions of the measure

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** The 1999 Legislative Assembly 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 that 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, creating 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. House Joint Memorial 10 urges a change in federal law that would allow 529 account holders to use their accounts to repay student loans. The change advocated by the measure would permit a 529 account holder time to rebuild the account's value while the account beneficiary attends college.