

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action: Do Pass as Amended, Be Printed Engrossed, and Be Referred to the Committee on Revenue by prior reference

Vote: 7 - 1 - 0

Yeas: Conger, Dembrow, Frederick, Huffman, Komp, Gelsner, Wingard

Nays: Parrish

Exc.: 0

Prepared By: Victoria Cox, Administrator

Meeting Dates: Subcommittee: 2/17, 2/24, 3/10; Full: 4/11

MEASURE: HB 2728-A
EXHIBIT: F
HOUSE REVENUE COMMITTEE
DATE: 4/22/2011 PAGES: 1
SUBMITTED BY: JAEBAER

WHAT THE MEASURE DOES: Allows taxpayers to make direct deposit contributions of income tax refunds into Oregon 529 College Savings Network (Oregon 529) accounts. Provides that contributions are credited to accounts only for tax years in which refunds are issued. Specifies that elections to contribute must be filed with tax returns. Establishes requirements for direct deposit, and conditions for voiding contributions. Applies to income tax refunds payable to taxpayers for tax years beginning on or after January 1, 2012.

ISSUES DISCUSSED:

- One-time costs for setup and implementation of direct deposits
- Oregon 529 to absorb administrative costs
- Trends in Oregon 529 deposits and college savings tools
- Contributions to existing accounts only
- Minimization of student debt through long term college investment
- Increased access to post-secondary education

EFFECT OF COMMITTEE AMENDMENT: Specifies direct deposits made in financial institutions managing account. Provides that contributions are credited to accounts only for tax years in which refunds are issued. Establishes requirements for direct deposit, and conditions for voiding contributions. Changes start date to tax year beginning January 1, 2012.

BACKGROUND: Oregon 529 consists of two college savings plans: The Oregon College Savings Plan; and the MFS 529 Savings Plan (529 Plan). These plans allow for state and federal tax advantages, as well as flexibility in saving for college. As a state-sponsored plan, the Oregon 529 Plan provides tax-advantage investments to assist families saving for the higher education expenses of a designated beneficiary. Currently, after an account is opened and initial contribution is deposited, all subsequent contributions to the account must be made in cash. House Bill 2728-A expands current statute by allowing taxpayers to directly deposit all or a portion of their state tax refund into an Oregon 529 plan.

4/14/2011 10:42:00 AM

This summary has not been adopted or officially endorsed by action of the committee.