

**REVENUE IMPACT OF  
PROPOSED LEGISLATION  
Seventy-Sixth Oregon Legislative  
Assembly  
2011 Regular Session  
Legislative Revenue Office**

**Bill Number: HB 2740  
Revenue Area: Personal Income Tax  
Economist: Chris Allanach  
Date: 2/3/2011**

**Measure Description:**

Upon receiving a certified copy of a qualified birth certificate, the Oregon 529 College Savings Board shall send notice to the parents of the child of the opportunity to open a college savings account. Directs the board to make a deposit from the Oregon 529 College Savings Network Fund into an account with the child as the designated beneficiary when the parent acknowledges the intent to establish an account. Requires regular contributions by parent to maintain the account. Directs the board to adopt rules. Effective date July 1, 2012.

**Revenue Impact (in \$Millions):**

Taxpayers who make contributions to an Oregon 529 College Savings Network account are allowed a subtraction of up to \$4,180 from their taxable income for contributions made in 2010. The \$4,180 maximum is for joint filers; all other filers may subtract up to \$2,090 in 2010. These limits are adjusted for inflation annually. This bill could have a negative revenue impact if the result is that certain taxpayers establish an account who otherwise would not have done so, or would not have done so as soon, were it not for the notification. The magnitude of the impact would depend on the behavioral responses of taxpayers in establishing and maintaining contributions to such accounts. Because the bill would apply to child born after June 30, 2012, the earliest the revenue stream could be affected is during the fiscal year 2012-13.

**Impact Explanation:**

In tax year 2008, just over 26,000 taxpayers claimed a total of \$62.3 million in subtractions for contributions to Oregon 529 accounts. The average subtraction was roughly \$2,300. The estimated revenue loss for the current policy in the 2009-11 and 2011-13 biennia are \$11.8 million and \$13.3 million, respectively. The number of full-year filers claiming this subtraction grew by 25% between 2006 and 2007. With the downturn in the economy, 6% fewer filers claimed it in 2008.

**Creates, Extends, or Expands Tax Expenditure: Yes  No**