

**REVENUE: Revenue Impact Issued**

**FISCAL: Fiscal Impact Issued**

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**Action:** Do Pass and Refer to Ways and Means  
**Vote:** 8-0-0  
**Yeas:** Bailey, Bentz, Brewer, Gelser, Read, Wand, Barnhart, Berger  
**Nays:** 0  
**Exc.:** 0  
**Prepared By:** Chris Allanach, Economist  
**Meeting Dates:** 4/29; 5/11

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**WHAT THE BILL DOES:** Allows taxpayers to make direct deposit contributions of personal income tax refunds into an Oregon 529 College Savings Network account. Provides that the election shall be made on a form prescribed by the Department of Revenue and may not be changed or revoked. Applies to refunds attributable to tax years beginning on or after January 1, 2012. Takes effect on the 91<sup>st</sup> day following adjournment sine die.

**ISSUES DISCUSSED:**

- The number of Oregon 529 plan participants
- Administration of policy
- Potential number of people that may take advantage of this option

**EFFECT OF COMMITTEE AMENDMENTS:** None.

**BACKGROUND:** The Oregon 529 plan provide state and federal tax advantages for college savings. Investments made in such plans grow without incurring tax and are ultimately tax free if used for qualified college expenses. Oregon taxpayers are also allowed a subtraction for contributions made to Oregon's 529 plan. In 2009, joint filers could subtract up to \$4,180 for such contributions; all other filers could subtract up to \$2,090. Under current law, after an account is opened and initial contributions are deposited, all subsequent contributions to the account must be made in cash. This bill would expand upon the method by which contributions may be made.