

# Senate Bill 17

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## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Excludes from qualified withdrawals, for purposes of tax-exempt college savings network accounts, withdrawal from college savings network account if proceeds from withdrawal are deposited in account at financial institution in another state.

Applies to tax years beginning on or after January 1, 2011.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to withdrawals from college savings network accounts; creating new provisions; amending  
3 ORS 348.841; and prescribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 348.841 is amended to read:

6 348.841. As used in ORS 348.841 to 348.873:

7 (1) "Account" means an individual account established in accordance with ORS 348.841 to  
8 348.873.

9 (2) "Account owner" means the person who has the right to withdraw funds from the account.  
10 The account owner may also be the designated beneficiary of the account.

11 (3) "Board" means the Oregon 529 College Savings Board established under ORS 348.849.

12 (4) "Designated beneficiary" means, except as provided in ORS 348.867, the individual designated  
13 at the time the account is opened as having the right to receive a qualified withdrawal for the  
14 payment of qualified higher education expenses, or if the designated beneficiary is replaced in ac-  
15 cordance with ORS 348.867, the replacement.

16 (5) "Financial institution" means a bank, a commercial bank, a national bank, a savings bank,  
17 a savings and loan, a thrift institution, a credit union, an insurance company, a trust company, a  
18 mutual fund, an investment firm or other similar entity authorized to do business in this state.

19 (6) "Higher education institution" means an eligible education institution as defined in section  
20 529(e)(5) of the Internal Revenue Code.

21 (7) "Internal Revenue Code" means the federal Internal Revenue Code.

22 (8) "Member of the family" shall have the same meaning as contained in section 529(e) of the  
23 Internal Revenue Code.

24 (9) "Network" means the Oregon 529 College Savings Network established under ORS 348.841  
25 to 348.873.

26 (10) "Nonqualified withdrawal" means a withdrawal from an account that is not a qualified  
27 withdrawal.

28 (11) "Qualified higher education expenses" means tuition and other permitted expenses as set

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.  
New sections are in **boldfaced** type.

1 forth in section 529(e) of the Internal Revenue Code for the enrollment or attendance of a designated  
2 beneficiary at a higher education institution.

3 (12) "Qualified withdrawal":

4 (a) Means a withdrawal made as prescribed under ORS 348.870 and made:

5 [(a)] (A) From an account to pay the qualified higher education expenses of the designated  
6 beneficiary;

7 [(b)] (B) As the result of the death or disability of the designated beneficiary;

8 [(c)] (C) As the result of a scholarship, allowance or payment described in section 135(d)(1)(A),  
9 (B) or (C) of the Internal Revenue Code that is received by the designated beneficiary, but only to  
10 the extent of the amount of the scholarship, allowance or payment; or

11 [(d)] (D) As a rollover or change in the designated beneficiary described in ORS 348.867.

12 (b) Does not include a withdrawal, the proceeds of which are deposited in an account  
13 established at a financial institution in another state.

14 **SECTION 2. The amendments to ORS 348.841 by section 1 of this 2011 Act apply to tax**  
15 **years beginning on or after January 1, 2011.**

16 **SECTION 3. This 2011 Act takes effect on the 91st day after the date on which the 2011**  
17 **session of the Seventy-sixth Legislative Assembly adjourns sine die.**

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