

HB 2299

Relating to Oregon 529 College Savings Network accounts

House Bill 2299 requires the State Registrar to provide to the Oregon 529 College Savings Board, on a quarterly basis, data containing information about the birth of each child born in Oregon to residents of the state. The Oregon 529 College Savings Board is directed to use this information to notify the parents or guardians of each child about the opportunity to open an Oregon 529 College Savings Network account.

The Oregon 529 College Savings Board will absorb the cost of transferring data from the State Registrar, and notifying the parents or guardians of each child about the opportunity to open an Oregon 529 College Savings Network account within its existing marketing budget.

In addition, the bill establishes the Oregon College Savings Matching Fund in the State Treasury. If there are sufficient funds in the Oregon College Savings Matching account, the Oregon 529 College Savings Board may use moneys in the fund to make matching deposits of at least \$100 or such other amount as the board may specify by rule.

Your General Government Subcommittee recommends HB 2299 be amended and reported out do pass as amended.

Joint Committee on Ways and Means

Carrier – House: Rep. Read
Carrier – Senate: Sen. Steiner Hayward

Revenue:

Fiscal: Fiscal statement issued

Action: Do Pass the A-Engrossed Measure with Amendments to Resolve Conflicts and be Printed B-Engrossed

Vote:

House

Yeas:

Nays:

Exc:

Senate

Yeas:

Nays:

Exc:

Prepared By: Kim To, Legislative Fiscal Office

Meeting Date: June 21, 2013

WHAT THE MEASURE DOES: Requires State Registrar of Center for Health Statistics to send data file containing parents' names and mother's address to Oregon 529 College Savings Board (Board) for each child born to Oregon residents and Board to send notice to parents of opportunity to open college savings account. Directs Board to establish account at request of parent. Establishes Oregon College Savings Matching Fund. Continuously appropriates moneys in fund to Board for matching deposits to college savings accounts.

ISSUES DISCUSSED:

- Fiscal impact
- Oregon 529 College Savings Board marketing budget

EFFECT OF COMMITTEE AMENDMENT: Resolves conflicts if HB 2093 becomes law.

BACKGROUND: The Oregon 529 College Savings Network is an investment tool that provides state and federal tax advantages for investing in college savings plans. Oregon currently offers two 529 plans administered by the Office of the State Treasurer and overseen by the Oregon 529 College Savings Board. House Bill 2299-A creates a vehicle to inform parents of their eligibility to open such an account, by requiring the State Registrar of the Center for Health Statistics to provide quarterly reports to the Board containing the parents' names and mother's mailing address for each child born in Oregon to parents who reside here. The Board will provide information to the parents regarding college savings accounts and establish accounts for those parents who choose to participate. Additionally, the measure establishes the Oregon College Savings Matching Fund to allow deposits in college savings accounts to be matched by the Board as determined by rule.

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2299 - B

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Prepared by: Kim To
Reviewed by: Linda Ames, John Borden
Date: 6/19/2013

Measure Description:

Directs State Registrar of Center for Health Statistics to send data file containing parents' names and mother's address to State Treasurer for each child born in Oregon to residents of this state.

Government Unit(s) Affected:

Oregon Health Authority (OHA), Oregon State Treasurer

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

House Bill 2299 requires the State Registrar of the Center for Health Statistics, Oregon Health Authority (OHA) to provide to the Oregon 529 College Savings Board, on a quarterly basis, data containing information about the birth of each child born in Oregon to residents of the state. The bill directs the State Registrar and the Oregon 529 College Savings Board to enter into an agreement to implement this data transfer.

Within 30 days after receiving information from the State Registrar, the Oregon 529 College Savings Board is directed to use this information to notify each child's parents of the opportunity to open an Oregon 529 College Savings Network account. In addition, the bill establishes the Oregon College Savings Matching Fund in the State Treasury. If there is sufficient funds in the Oregon College Savings Matching account, the Oregon 529 College Savings Board may use moneys in the fund to make matching deposits of at least \$100 or such other amount as the board may specify by rule.

Oregon Health Authority (OHA)

The Oregon Health Authority estimates the cost of collecting, storing and transferring the data required by this bill to be a one-time data transfer setup cost of approximately \$8,204. This cost is anticipated to be covered by the Oregon 529 College Savings Board.

Oregon State Treasurer

According to the Oregon State Treasury, the Oregon 529 College Savings Board expects to be able to absorb the \$8,204 one-time data transfer setup cost to implement the data delivery portion of this bill within its 2013-15 biennial budget. The Oregon State Treasury also reports that the Oregon 529 College Savings Board will absorb the cost of notifying each child's parents of the opportunity to open an Oregon 529 College Savings Network account within its existing marketing budget. The Legislative Fiscal Office notes, however, that the Treasurer has requested as part of the 2013-15 budget an additional \$1.2 million for a public education and awareness campaign for its 529 College Savings Network program.

House Bill 2299 establishes the Oregon College Savings Matching Fund in the State Treasury. The Oregon 529 College Savings Board may accept grants, donations, contributions or gifts from any source for deposit to the Oregon College Savings Matching Fund. The Legislative Fiscal Office believes that this language does not authorize any state agency to transfer moneys to the Fund without specific legislative direction. The bill specifically states that if there are sufficient funds in the Oregon College

Savings Matching account, the board may use moneys in the fund to make matching deposits of at least \$100 or such other amount as the board may specified by rule. At this time, a specific revenue source is not identifiable, and the measure does not specify how the board shall determine whether sufficient funds are available to make matching deposits.

According to the Oregon Health Authority population data, the number of live births in Oregon averages approximately 44,000 per year. The percentage of parents who would participate in this program is indeterminate at this time. As a point of reference, assuming that 50% of all eligible parents participated in the program, and the board chooses to make matching deposits into the accounts established, the total cost of matching deposits, if these deposits were at the \$100 minimum level, would equal approximately \$2.2 million per year.

**PROPOSED AMENDMENTS TO RESOLVE CONFLICTS TO
A-ENGROSSED HOUSE BILL 2299**

1 On page 6 of the printed A-engrossed bill, after line 35, insert:

2 **“SECTION 10. If House Bill 2093 becomes law, section 3 of this 2013**
3 **Act (amending ORS 432.121) is repealed.**

4 **“SECTION 11.** If House Bill 2093 becomes law, section 2 of this 2013 Act
5 is amended to read:

6 **“Sec. 2.** (1) For each child born in Oregon to residents of this state, the
7 State Registrar of the Center for Health Statistics shall, on a quarterly basis,
8 send or deliver by secure electronic or other reasonable means to the Oregon
9 529 College Savings Board a data file containing the names of the parents
10 of the child and the mother’s mailing address for the purpose of implement-
11 ing section 5 of this 2013 Act.

12 **“(2)** The state registrar and the Oregon 529 College Savings Board shall
13 enter into [*an agreement*] **a data sharing agreement pursuant to ORS**
14 **432.121 (3)** to implement the provisions of this section, including but not
15 limited to the transfer, storage and destruction of data files.

16 **“SECTION 12.** If House Bill 2093 becomes law, section 9 of this 2013 Act
17 is amended to read:

18 **“Sec. 9.** Sections 2, 5 and 6 of this 2013 Act and the amendments to ORS
19 348.841[,] **and** 348.857 [*and 432.121*] by sections [3,] 7 and 8 of this 2013 Act
20 apply to children born to Oregon residents on or after the effective date of
21 this 2013 Act.”.