

**STAFF MEASURE SUMMARY****House Committee On Higher Education, Innovation, and Workforce Development****Fiscal:** Has minimal fiscal impact**Revenue:** Revenue impact issued**Action Date:** 04/10/15**Action:** Do Pass With Amendments, Be Printed Engrossed And Be Referred To Revenue By Prior Reference.**Meeting Dates:** 03/11, 04/10**Vote:**

Yeas: 9 - Gallegos, Hayden, Johnson, McKeown, Nearman, Read, Reardon, Whisnant, Williamson

**Prepared By:** Victoria Cox, Committee Administrator**WHAT THE MEASURE DOES:**

Increases limitation on subtraction for contribution to college savings network account to amount per designated beneficiary. Prohibits reduction of state share of Oregon Opportunity Grant based on amounts available from college savings network account. Establishes refundable credit against personal income taxes for contributions to college savings network account. Applies to tax years beginning on or after January 1, 2015. Takes effect on 91<sup>st</sup> day following adjournment sine die.

**ISSUES DISCUSSED:**

- Background of 529 college savings plans
- Needs of families saving for more than one child
- Disincentive of having 529 assets count against eligibility for Oregon Opportunity Grant
- Revenue impact of changes to credit cap

**EFFECT OF COMMITTEE AMENDMENT:**

Changes cap on credit for annual contribution from \$500 to \$350.

**BACKGROUND:**

Oregon currently offers two 529 plans in its college savings network: The Oregon College Savings Plan sold directly to investors; and the MFS 529 Plan, sold through financial advisors. Both plans are administered by the Office of the State Treasurer, overseen by the Oregon 529 College Savings Board, and qualified under Section 529 of the Internal Revenue Code. Oregon currently allows a subtraction from federal taxable income for the amount contributed to 529 plans not to exceed \$4,000 for joint filers or \$2,000 for other than joint filers.

House Bill 2747-A specifies that subtractions not exceeding those caps may be taken for each designated beneficiary. The measure also prohibits 529 plan assets from being used to reduce Oregon Opportunity Grant funds from plan beneficiaries. Additionally, the measure creates a refundable credit against personal income taxes for taxpayers with household incomes below specified levels.