

House Bill 2747

Sponsored by Representative READ, Senator HASS (Pre-session filed.)

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**.

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 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to college savings network account contributions; creating new provisions; amending ORS
3 316.699 and 348.205; and prescribing an effective date.

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

5 **SECTION 1.** ORS 316.699 is amended to read:

6 316.699. (1) There shall be subtracted from federal taxable income the amount contributed to a
7 college savings network account established under ORS 348.841 to 348.873.

8 (2) Notwithstanding subsection (1) of this section, a subtraction under this section may not ex-
9 ceed the lesser of:

10 (a) \$4,000 **per designated beneficiary** for the tax year if the taxpayer files a joint return, or
11 \$2,000 **per designated beneficiary** for the tax year if the taxpayer files a return other than a joint
12 return; and

13 (b) If an amount is carried forward to a succeeding tax year under subsection (4) of this section,
14 the balance in the college savings network account at the close of the tax year for which the sub-
15 traction is being made.

16 (3)(a) The Department of Revenue shall annually adjust the maximum subtraction allowable un-
17 der this section according to the cost-of-living adjustment for the calendar year. The department
18 shall make this adjustment by multiplying the amount in subsection (2) of this section by the per-
19 centage (if any) by which the monthly averaged U.S. City Average Consumer Price Index for the 12
20 consecutive months ending August 31 of the prior calendar year exceeds the monthly averaged U.S.
21 City Average Consumer Price Index for the 12 consecutive months ending August 31, 2007.

22 (b) As used in this subsection, "U.S. City Average Consumer Price Index" means the U.S. City
23 Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of
24 Labor Statistics of the United States Department of Labor.

25 (4) Any amounts contributed to a college savings network account that are not subtracted from
26 federal taxable income because of the monetary limitations imposed by subsection (2) of this section
27 may be carried forward for four succeeding tax years and subtracted from federal taxable income
28 in any of those succeeding tax years in an amount that does not exceed the monetary limitations
29 imposed by subsection (2) of this section.

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 (5) The amount contributed to a college savings network account may be subtracted from a
2 preceding tax year if the contribution is made before the taxpayer files a return or before the 15th
3 day of the fourth month following the closing of the taxpayer's tax year, whichever is earlier.

4 **SECTION 2.** ORS 348.205 is amended to read:

5 348.205. (1) The Oregon Opportunity Grant program is established within the Higher Education
6 Coordinating Commission.

7 (2) Under the program, the cost of education of a qualified student shall be shared by the stu-
8 dent, the family of the student, the federal government and the state.

9 (3) The Executive Director of the Office of Student Access and Completion shall determine the
10 cost of education of a qualified student based on the type of eligible post-secondary institution the
11 student is attending. The cost of education equals:

12 (a) For a student attending a community college, the average cost of education of attending a
13 community college in this state;

14 (b) For a student attending a public university listed in ORS 352.002, the average cost of edu-
15 cation of attending a public university;

16 (c) For a student attending a two-year Oregon-based, generally accredited, not-for-profit institu-
17 tion of higher education, the average cost of education of attending a community college in this
18 state; and

19 (d) For a student attending the Oregon Health and Science University or a four-year Oregon-
20 based, generally accredited, not-for-profit institution of higher education, the average cost of edu-
21 cation of attending a public university listed in ORS 352.002.

22 (4)(a) The executive director shall determine the amount of the student share. The student share
23 shall be based on:

24 (A) The type of eligible post-secondary institution the student is attending;

25 (B) The number of hours of work that the executive director determines may be reasonably ex-
26 pected from the student; and

27 (C) The amount of loans that the executive director determines would constitute a manageable
28 debt burden for the student.

29 (b) The student shall determine how to cover the student share through income from work,
30 loans, savings and scholarships.

31 (c) The student share for a student who attends a community college may not exceed the amount
32 that the executive director determines a student may earn based on the number of hours of work
33 reasonably expected from the student under paragraph (a) of this subsection.

34 (d) The student share for a student who attends an eligible post-secondary institution that is not
35 a community college may not exceed the sum of the amount that the executive director determines
36 a student may receive as loans plus the amount a student may earn based on the number of hours
37 of work reasonably expected from the student under paragraph (a) of this subsection.

38 (5) The executive director shall determine the amount of the family share. The family share shall
39 be based on the resources of the family.

40 (6) The executive director shall determine the amount of the federal share based on how much
41 the student or the student's family is expected to receive from the federal government as grants,
42 loans, tax credits or other student assistance.

43 (7)(a) The executive director shall determine the amount of the state share. The state share shall
44 be equal to the cost of education reduced by the student share, family share and amount received
45 by the student from the federal government.

1 (b) The executive director shall establish a minimum amount that a student may receive as a
 2 state share. If the executive director determines that the amount of the state share of a student is
 3 below the minimum amount, the student may not receive the state share.

4 (c) In determining the amount of the state share, the executive director shall consider the total
 5 amount available to award as grants to all qualified students. If the executive director must reduce
 6 the amount of the state share under this paragraph, the executive director may not reduce the
 7 amount of the state share awarded to students in the low income range in a greater proportion than
 8 the amount that the state share for students in other income ranges is reduced.

9 **(d) The executive director may not reduce the amount of the state share based on**
 10 **amounts available to a student by virtue of being designated beneficiary of a college savings**
 11 **network account established under ORS 348.841 to 348.873.**

12 (8)(a) The Higher Education Coordinating Commission shall adopt rules that prioritize current
 13 foster children and former foster children for receiving Oregon Opportunity Grants when the Oregon
 14 Opportunity Grant program does not have sufficient funding to serve all eligible Oregon students.

15 (b) For the purposes of this subsection, “former foster child” has the meaning given that term
 16 in ORS 351.293.

17 **SECTION 3. Section 4 of this 2015 Act is added to and made a part of ORS chapter 315.**

18 **SECTION 4. (1) As used in this section, “household income” means the aggregate ad-**
 19 **justed gross income of all individuals residing with the taxpayer.**

20 **(2) A credit against taxes otherwise imposed under ORS chapter 316 shall be allowed for**
 21 **amounts contributed during the tax year to a college savings network account established**
 22 **under ORS 348.841 to 348.873. The amount of the credit allowed under this section shall equal**
 23 **the amount contributed, but may not exceed \$500.00.**

24 **(3) A taxpayer shall be allowed a credit under this section only if the taxpayer has a**
 25 **household income of less than:**

26 **(a) \$70,000; or**

27 **(b) The amount that the Executive Director of the Office of Student Access and Com-**
 28 **pletion determines is the income threshold for Oregon Opportunity Grants awarded under**
 29 **ORS 348.205 for students enrolling for terms beginning during the tax year, if that amount**
 30 **exceeds \$70,000.**

31 **(4) A taxpayer may not claim both the credit allowed under this section and the sub-**
 32 **traction allowed in ORS 316.699 for the tax year.**

33 **(5) If the amount allowable as a credit under this section, when added to the sum of the**
 34 **amounts allowable as payment of tax under ORS 316.187 (withholding), ORS 316.583 (esti-**
 35 **imated tax), other tax prepayment amounts and other refundable credit amounts, exceeds the**
 36 **taxes imposed by ORS chapters 314 and 316 for the tax year (reduced by any nonrefundable**
 37 **credits allowable for purposes of ORS chapter 316 for the tax year), the amount of the excess**
 38 **shall be refunded to the taxpayer as provided in ORS 316.502.**

39 **(6) The credit shall be claimed on a form prescribed by the Department of Revenue that**
 40 **contains the information required by the department.**

41 **(7) In the case of a credit allowed under this section:**

42 **(a) A nonresident shall be allowed the credit in the proportion provided in ORS 316.117.**

43 **(b) If a change in the status of the taxpayer from resident to nonresident or from non-**
 44 **resident to resident occurs, the credit shall be determined in a manner consistent with ORS**
 45 **316.117.**

1 (c) If a change in the taxable year of the taxpayer occurs as described in ORS 314.085,
2 or if the department terminates the taxpayer's taxable year under ORS 314.440, the credit
3 shall be prorated or computed in a manner consistent with ORS 314.085.

4 SECTION 5. (1) The amendments to ORS 316.699 and 348.205 by sections 1 and 2 of this
5 2015 Act apply to tax years beginning on or after January 1, 2015.

6 (2) Section 4 of this 2015 Act applies to tax years beginning on or after January 1, 2015,
7 and before January 1, 2020.

8 SECTION 6. This 2015 Act takes effect on the 91st day after the date on which the 2015
9 regular session of the Seventy-eighth Legislative Assembly adjourns sine die.

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