

1.302 OREGON 529 COLLEGE SAVINGS NETWORK

Oregon Statute: 316.699

Sunset Date: None

Year Enacted: 1999

	Corporation	Personal	Total
2015-17 Revenue Impact:	Not Applicable	\$23,300,000	\$23,300,000
2017-19 Revenue Impact:	Not Applicable	\$28,500,000	\$28,500,000

DESCRIPTION:

A subtraction is allowed from individual taxable income for contributions made to Oregon 529 College Savings Network accounts for higher education. The maximum allowable subtraction amount for 2016 is \$4,620 on a joint return or \$2,310 on all other returns and is annually adjusted for inflation. Before 2008, the subtraction amount was limited to \$1,000 for married filing separate returns or \$2,000 for all other filers.

The proceeds of these accounts are meant to be used to pay higher education related expenses for a designated beneficiary. Total contributions to these accounts are allowed up to the amount necessary to cover the qualified higher education expenses of the beneficiary or limits specified by the Oregon 529 Savings Board. Contributions over the annual limit may be carried forward for up to four years. Beginning with tax year 2012, taxpayers may make direct deposit contributions of personal income tax refunds into accounts.

The revenue impact above includes only the impact of the state allowed subtraction for contributions. Under federal law, contributions to these accounts are not tax deductible. However, qualifying distributions from the accounts are excluded from federal tax. The revenue impact and complete description of federal tax benefits applicable to Oregon 529 College Savings Network accounts are detailed in tax expenditure 1.002, Qualified Education Savings (Federal).

PURPOSE:

The statute that allows this expenditure does not explicitly state a purpose. Presumably, the purpose is to increase the ability of families and individuals to save for higher education.

WHO BENEFITS:

Oregon personal income taxpayers who contribute to Oregon 529 College Savings Network accounts. The table below shows usage of this subtraction for tax year 2014.

Income Group of Full-Year Filers*	Number of Filers Taking Subtraction	Average Subtraction	Total Subtracted (\$ millions)	Revenue Impact (\$ millions)	Percent of Revenue Impact by Income Group
Below \$13,300	390	\$1,836	\$0.7	<\$0.1	<1%
\$13,300 - \$27,600	530	\$1,726	\$0.9	<\$0.1	<1%
\$27,600 - \$49,300	1,400	\$1,702	\$2.4	\$0.2	2%
\$49,300 - \$87,500	5,660	\$1,942	\$11.0	\$0.9	10%
Above \$87,500	28,460	\$3,141	\$89.4	\$8.2	87%
All Full-Year Filers	36,440	\$2,865	\$104.4	\$9.4	100%
Part-Year and Nonresident Filers	1,050	\$2,786	\$2.9	\$0.2	

*Each income group contains 20 percent of the full-year filers (approximately 336,000)