

SB 759 -1 STAFF MEASURE SUMMARY

Senate Committee On Education

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Meeting Dates: 4/4, 4/18

WHAT THE MEASURE DOES:

Specifies that account balance in a higher education savings account is not counted when determining an individual's eligibility for public benefits for determinations made on or after January 1, 2018. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Benefits to families of higher education savings accounts
- Demographics and statistics related to higher education savings accounts
- Completion rates for students who start higher education with savings accounts in place

EFFECT OF AMENDMENT:

-1 Excludes financial aid at public institutions of higher education.

BACKGROUND:

The Oregon College Savings Plan was created to help Oregon taxpayers save for the cost of higher education. The plan is administered by the Oregon 529 College Savings Board and managed by TIAA-CREF. An account can be opened by any Oregon taxpayer over the age of 18. Account owners must designate a beneficiary. Contributions can be made via one-time electronic funds transfer, recurring automatic funds transfer, automatic payroll deduction, rollover from another state's 529 plan, personal check, or a cashier or teller's check. Qualified withdrawals include any withdrawals used for qualifying higher education expenses for the student at an eligible educational institution. Qualifying expenses include tuition, room and board, fees, books, supplies, and equipment. Although contributions are not deductible on federal tax returns, investment earnings are tax-deferred, and distributions to pay for qualifying expenses are tax-free. Contributions are currently deductible for Oregon tax at a set rate per taxpayer. Senate Bill 758 changes this provision to make contributions deductible at a set rate per beneficiary, allowing taxpayers to deduct contributions to multiple accounts up to a certain limit. Earnings from 529 accounts are not included in Oregon taxable income.