

HB 2388 -1 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 2/4

WHAT THE MEASURE DOES:

In instances where taxpayer withdraws funds from an Oregon higher education savings network account and contributes withdrawn funds by means of rollover to another state's qualified tuition program, requires addition to taxable income equal to amount of withdrawal that is attributable to contributions that were subtracted from federal taxable income under ORS 316.699. Applies to withdrawals made in tax years beginning on or after January 1, 2018.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Modifies applicability date to tax years beginning on or after January 1, 2019.

BACKGROUND:

ORS 316.699 allows a subtraction from taxable income for contributions made to Oregon 529 College Savings Network accounts for higher education. An inflation adjusted limit exists on the amount of contributions that may be annually subtracted. The 2018 subtraction limits were \$4,750 for a joint return and \$2,375 on all other returns. Contributions above the subtraction limit can be carried forward and subtracted in up to four succeeding tax years. In tax year 2016, about 44,000 returns claimed the Oregon 529 subtraction with the average subtraction amount being about \$2,900.