

SB 161 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

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Sub-Referral To: Joint Committee On Tax Expenditures

Meeting Dates: 2/5, 2/5

WHAT THE MEASURE DOES:

Creates personal income tax credit for contributions to 529 higher education savings network account or ABLE account. Specifies framework for credit amount as a function of taxpayer's adjusted gross income and amount contributed. Disallows income tax subtraction for 529 education or ABLE contributions in instances where taxpayer claims tax credit. Requires taxpayer to forfeit past credit amount tax relief when withdrawal does not meet specified withdrawal parameters. Modifies annual limit on income tax subtraction for deposits into a 529 education savings or ABLE account. Credit applicable to tax years 2020 through 2025. Modification to subtraction limits applicable to tax years 2020 and later.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

ORS 316.699 allows a subtraction from taxable income for contributions made to an Oregon 529 College Savings Network account for higher education or an ABLE account. 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.