

## **SB 162 -1 STAFF MEASURE SUMMARY**

### **Senate Committee On Finance and Revenue**

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**Prepared By:** Kyle Easton, Economist

**Meeting Dates:** 2/5, 2/21

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#### **WHAT THE MEASURE DOES:**

Allows a personal income taxpayer, at time of tax filing, to establish an Oregon 529 Higher Education Savings Network account through an election on their income tax return. Requires Department of Revenue to provide means for election on the face of the full-year Oregon individual income tax return form. Allows the Oregon 529 Savings Board to require a taxpayer establishing an account via tax return to make an accompanying contribution of all or a portion of the taxpayer's refund at time of return filing. Modifies statute allowing DOR to share tax information, for purposes of 529 account opening election. Applies to tax returns filed on or after January 1, 2021. Takes effect on 91st day following adjournment sine die.

#### **ISSUES DISCUSSED:**

- Modelled on State of Alaska program
- Explanation of how mechanically this would or could function
- Concern for potential administrative difficulty in linking Department of Revenue's computer system with systems in Treasury.

#### **EFFECT OF AMENDMENT:**

-1 Replaces introduced language that requires Department of Revenue to provide means for election on the face of the full-year Oregon individual income tax return form. Language as amended requires Department of Revenue to provide a means by which personal income taxpayers may elect to establish a 529 Higher Education Savings Network account.

Eliminates introduced language that allows the Oregon 529 Savings Board to require a taxpayer establishing an account via tax return to make an accompanying contribution of all or a portion of the taxpayer's refund at time of return filing.

#### **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.