

The College Savings Plan and the Achieving a Better Life Experience Savings Plan (ABLE) are both administered by the State Treasurer's Office.

I am writing to describe how these two programs are routinely impacted by changes in the federal tax code and, subsequently, in the process of reconnecting. Our office has worked with this committee in the past to either affirm our connection or distinguish ourselves from federal law.

First, a bit of background:

- Funds saved in the College Savings Plan can be used to cover the costs associated with attending universities, community colleges, technical training programs, and now apprenticeship programs.
- Funds saved in the ABLE Savings Plan help people with eligible disabilities in Oregon pay for qualified expenses and invest for the future.

House Bill 2164 (2019) created a refundable state tax credit available to Oregonians who save through these programs. Additionally, Section 529 of the Internal Revenue Code includes a federal tax benefit available to savers in both of these programs

The U.S. Congress has made changes to Section 529 in recent years. We have tracked these changes closely and worked with this committee to respond. I will mention two recent examples.

The Tax Cuts and Jobs Act of 2017 changed the definition of "higher education" contained in Section 529 to include K-12 education. Instead of adopting that definition, the Oregon Legislature voted during the 2018 session to keep our state's College Savings Plan tax benefit available only for education and training pursued after high school.

The SECURE Act of 2019 expanded the list of eligible uses of funds saved in the College Savings Plan to include apprenticeship programs and certain student loan repayments. This is an example where we advocate for affirming our connection to the federal tax code, as is reflected in the legislation before this committee.