

SB 1554 A STAFF MEASURE SUMMARY

Carrier: Rep. Sollman

House Committee On Higher Education and Workforce Development

Action Date: 02/27/18

Action: Do Pass the A-Eng bill.

Vote: 9-0-0-0

Yeas: 9 - Alonso Leon, Bynum, Clem, Heard, Noble, Reardon, Reschke, Sollman, Whisnant

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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WHAT THE MEASURE DOES:

Disregards any amount in an account established for higher education expenses for the purpose of determining an individual's eligibility to receive assistance or benefits authorized by law. Applies to eligibility determinations made on or after January 1, 2019. Exempts means-tested state financial aid for higher education. Requires Higher Education Coordinating Commission to conduct a study of the effects of excluding savings account balances on state and institutional financial aid programs and submit a report to the legislature by December 1, 2018.

ISSUES DISCUSSED:

- Incentivization of savings for higher education
- Barriers to use of 529 savings accounts, including concern over losing public benefits
- Asset tests for state postsecondary financial aid programs

EFFECT OF AMENDMENT:

No amendment.

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 the Teachers Insurance and Annuity Association. An account can be opened by any Oregon taxpayer over the age of 18. 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. Withdrawals may be used for qualifying higher education expenses, including 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.

Senate Bill 1554 A would disregard higher education savings account amounts when determining an individual's eligibility to receive certain assistance or benefits, and would require the Higher Education Coordinating Commission to study the effects of account exclusions on state and institutional financial aid programs.