

SB 162 A STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 5/7, 5/22

WHAT THE MEASURE DOES:

Allows a personal income taxpayer, at time of tax filing, to initiate process to establish an Oregon 529 Higher Education Savings Network account. Requires Department of Revenue to provide a means by which personal income taxpayers may elect to initiate the establishment of a 529 Higher Education Savings Network account. Modifies statute allowing DOR to share tax information for purposes of election to initiate the establishment of a 529 account. Applies to tax returns filed on or after January 1, 2021.

ISSUES DISCUSSED:

- How taxpayer will know how to initiate 529 account establishment process when filing their personal income tax return
- Personal income tax information expected to be transferred to Treasury
- Potential or desirability of including ABLE 529 accounts as well.

EFFECT OF AMENDMENT:

No amendment.

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.