

HB2387-2 Is a Significant Improvement Over Original Legislation



The original version of the bill would have attempted to increase all participation and all benefits at a significant cost to the General Fund. We commend the Treasurer's Office for this proposed revenue-neutral amendment.

The -2 amendment significantly reduces the benefits for high income taxpayers and uses those cuts to supercharge the savings of lower income participants. These savings would particularly benefit those with incomes below \$30,000 who would receive a refundable 100% tax credit up to \$150 single/\$300 joint, and those with incomes between \$30,000 and \$70,000 who would receive 50% tax credits up to \$150/\$300.

The intention is to incent lower income families to participate. The current program isn't working (only 12% of participants have incomes below \$70,000.) We'll be the only state attempting a refundable tax credit, so this must be seen as a pilot project.

We see this as an excellently designed experiment, and encourage you to proceed with the changes in the -2 amendments. The five-year sunset will give time for word-of-mouth and other promotion, and the refundable tax credits to show promise or fail.

Legislators will need to oversee the program to make certain it remains revenue neutral during the pilot. We anticipate that 100% and 50% tax credits will prove to be strong incentives for lower income families. But if it doesn't work, this program will need to be re-examined. In its evaluation of the 529 College Savings Plan for the 2018 Tax Expenditure Report, the Higher Education Coordinating Commission wrote: "the preponderance of the benefits of the expenditure are captured by Oregonians who traditionally have the least difficulty in planning and paying for higher education expenses. Thus, this expenditure may not significantly contribute to increases in higher education access and affordability."

Hopefully the -2 amendment will bend the curve.

Amendment -2 Changes HB 2387 as follows:

Adjusted Gross Income	Credit Subsidy	Contribution amount needed to receive the full credit of \$500 per filer— \$150 single/\$300 joint
0-\$30,000	100%	\$500 \$150/\$300
\$30,000-\$70,000	50%	\$1000 \$300/\$600
\$70,000-\$100,000	25%	\$2000 \$600/\$1200
\$100,000 or more \$100,000-\$250,000	10%	\$5000 \$1500/\$3000
\$250,000 or more	5%	\$3000/\$6000