



HB 2387 – Education Savings Credit



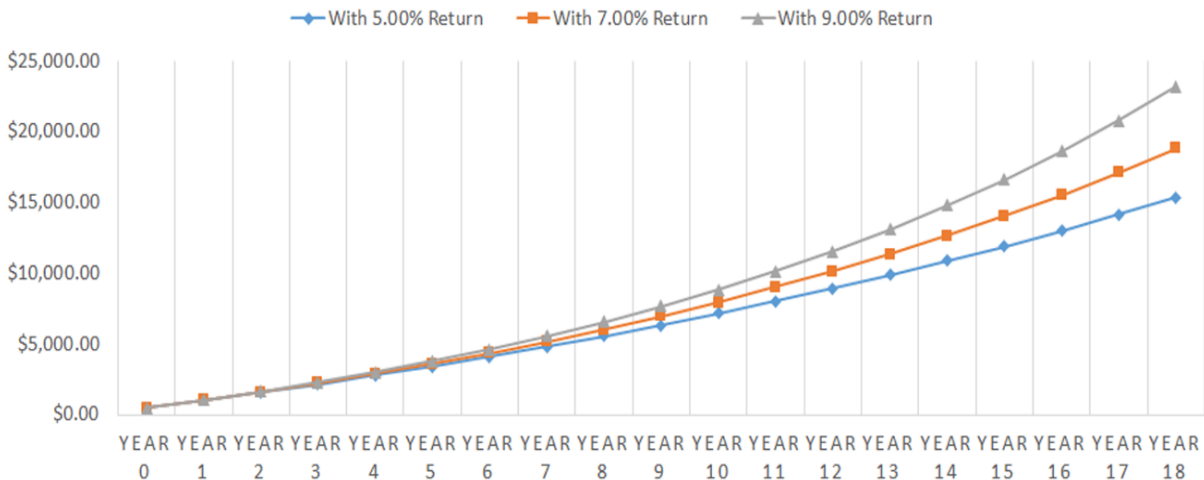
What is the Oregon College Savings Plan? A state-sponsored savings program that grows tax-free and can be used for qualified expenses like tuition, books, and room and board at any accredited, post-secondary institution.



Save Now. Borrow Less Later. The cost of post-secondary education continues to rise and so does student debt. Oregon State Treasury is committed to ensuring Oregon families have the tools they need to mitigate that cost. We want compound interest to help Oregonians increase their savings prior to pursuing post-secondary education, instead of increasing the size of their debt when they are just getting started in a new career.

*Example:
A \$500 annual investment + compound interest
leads to an estimated \$18,000 after 18 years.
Rates of return vary with the market.*

TOTAL SAVINGS



Encouraging Participation. Our Savings Plan should work for all Oregonians. To better reach diverse communities across the state and the entire income spectrum, the Oregon State Treasury is proposing the Education Savings Credit to replace the current state tax subtraction.

The proposed tiered, refundable tax credit seeks to balance three objectives:

- (1) Maintain revenue neutrality;
- (2) Provide sufficient tax incentive to maintain accounts in Oregon, thereby preserving the Plan’s assets under management and keeping fees low; while
- (3) Encourage more low- and moderate-income Oregonians to open accounts and save.



New Model. The Education Savings Credit provides a refundable tax credit to all Oregonians who are saving for university, community college, trade school, or any other type of accredited, post-secondary education. The primary difference between the refundable credit and our current subtraction is that the credit is designed to make it easier for low- and moderate-income families to take advantage of the incentive.

Income Level	Joint Filers	Individual Filers
Making less than \$30,000	100% of contributions (up to a maximum of \$300)	100% of contributions (up to a maximum of \$150)
Making between \$30,001 and \$70,000	50% of contributions (up to a maximum of \$300)	50% of contributions (up to a maximum of \$150)
Making between \$70,001 and \$100,000	25% of contributions (up to a maximum of \$300)	25% of contributions (up to a maximum of \$150)
Making between \$100,001 and \$250,000	10% of contributions (up to a maximum of \$300)	10% of contributions (up to a maximum of \$150)
Making more than \$250,000	5% of contributions (up to a maximum of \$300)	5% of contributions (up to a maximum of \$150)



Why Now? Research tells us that just having an account opened in your name will make you three times more likely to enroll in a job training or college program, and four times more likely to complete it.

The current subtraction has been successful helping to grow the number of accounts and the Plan’s assets under management—ultimately allowing the Plan to keep fees low for participants. Oregon State Treasurer Tobias Read wants to enhance the program by increasing the number of low- and moderate-income families saving for post-secondary education and training through the Oregon College Savings Plan. Only 12% of current account owners are low- or moderate-income (defined as an adjusted gross income of \$70k or less). Account owners also skew heavily toward urban areas; in 2016, 88% of those taking the subtraction were located in just nine Oregon counties.

Using the Education Savings Credit, we can reduce the barriers to accessibility and make a dent in the crushing load of student debt. The refundable credit will help every Oregonian start on the right path. A small investment today will pay dividends later—for families, and ultimately for our future economy.

Join us and support the Education Savings Credit, for a better Oregon future.

For additional information about the Education Savings Credit, please contact Legislative Director, Ryan Mann at ryan.mann@ost.state.or.us or call 503-373-7135.