



June 2, 2021

HB 2457 – A Federal Tax Connection

Issue: 529 Plans and Oregon Action in response to changes in the 2017 Federal Tax Bill

Chair Burdick, Vice Chair Boquist, and Members of the Committee

Oregon Women's Rights Coalition started in the early 1970's to advocate for the passage of the Equal Rights Amendment. Since that time, we have continued to work for economic justice and programs that provide women, families and children living conditions that allow everyone to thrive.

We want to make perfectly clear on this bill that when adopting the connection date and changes to the 529 plans that we do not lose the disconnect lawmakers enacted after the passage of the 2017 Federal Tax Bill. Those Federal changes on 529 Plans allowed educational expenses for private and religious schools in grades K-12. Oregon disconnected from that language.

Please make sure that the way the legislation is drafted we will not alter that disconnect.

When the Federal Tax Bill was drafted and agreed upon The New York Times called out the new provisions. They asked Vanguard to provide them with a scenario on how the affluent could utilize this program to save taxes.

“Imagine a wealthy family in the highest tax bracket that opens a 529 plan with \$200,000 and doesn't add another cent. The money grows at 6 percent annually, and the family takes out the maximum \$10,000 each year, avoiding [\\$2,380](#) in taxes annually. During the elementary and secondary school years, it saves \$30,940 in taxes.

At that point, the account would still have money left over. A lot of money: \$370,717. And once the beneficiary of the 529 account enters college, the family can withdraw as much as the entire annual cost of college and related expenses (not just \$10,000) each year, avoiding even more capital gains taxes over that period.” (The New York Times, Ron Lieber, Dec.21, 2017)

We do not advocate against including the current changes for vocational training and apprenticeships, we only want to make sure Oregon retains the disqualification of K-12 private and religious school provisions.

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