

SECOND REGULAR SESSION

HOUSE BILL NO. 1785

91ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES LIESE AND HANAWAY (Co-sponsors).

Read 1st time February 4, 2002, and 1000 copies ordered printed.

TED WEDEL, Chief Clerk

4524L.01I

AN ACT

To amend chapter 143, RSMo, by adding thereto one new section relating to income tax exemption for qualified education savings.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 143, RSMo, is amended by adding thereto one new section, to be known as section 143.1001, to read as follows:

143.1001. 1. The assets of any savings or investment program qualified pursuant to Section 529 of the Internal Revenue Code and any income therefrom shall be exempt from all taxation by the state or any of its political subdivisions. Income earned or received from any qualified program by any participant or beneficiary shall not be subject to the tax imposed pursuant to this chapter and shall be eligible for any benefits provided in accordance with Section 529 of the Internal Revenue Code. The exemption from taxation pursuant to this section shall apply only to assets and income maintained, accrued, or expended pursuant to the requirements of any qualified program established pursuant to Section 529 of the Internal Revenue Code, and no exemption shall apply to assets and income expended for any other purposes. Annual contributions up to and including eight thousand dollars made to a qualified program shall be subtracted from Missouri adjusted gross income pursuant to section 143.121; provided, however, the maximum amount which may be subtracted shall not exceed eight thousand dollars for any taxable year.

2. If any deductible contributions to or earnings from any qualified program account are distributed and not used to pay qualified education expenses, the amount so distributed shall be added to the Missouri adjusted gross income of the participant, or, if the participant is not living, the beneficiary.

18 **3. The provisions of this section shall apply to tax years beginning on or after**
19 **January 1, 2002.**