

SECOND REGULAR SESSION

HOUSE BILL NO. 2077

91ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE HANAWAY.

Read 1st time February 28, 2002, and 1000 copies ordered printed.

TED WEDEL, Chief Clerk

4823L.011

AN ACT

To repeal section 166.435, RSMo, and to enact in lieu thereof one new section relating to the higher education savings program.

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

Section A. Section 166.435, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 166.435, to read as follows:

166.435. 1. The assets of the savings program held by the board and the assets of any similar savings 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 the fund by any participant or beneficiary shall not be subject to state income tax 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 the savings program established pursuant to sections 166.400 to 166.455, the provisions of this section and 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 the savings program shall be subtracted from Missouri adjusted gross income pursuant to section 143.121, RSMo.

2. If any deductible contributions to or earnings from any savings account are distributed and not used to pay qualified higher education expenses or are not held for the minimum length of time established by the board, 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.

3. The provisions of this section shall apply to tax years beginning on or after January 1, 1999.

19 **4. For all tax years beginning on or after January 1, 2002, annual contributions**
20 **made to the savings program, up to and including eight thousand dollars for a taxpayer**
21 **filing a single return or married filing separately and up to and including sixteen thousand**
22 **dollars for married taxpayers filing a combined return, shall be subtracted from Missouri**
23 **adjusted gross income pursuant to section 143.121, RSMo.**