

HCS SB 863 -- HIGHER EDUCATION SAVINGS PROGRAMS

SPONSOR: Rupp (Muschany)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Student Achievement by a vote of 6 to 0.

Currently, the annual limit on contributions to the Missouri Higher Education Savings Program is \$8,000 per taxpayer. This substitute clarifies that a married couple filing jointly may contribute up to \$16,000.

Missouri residents will be allowed to make contributions to any qualified higher education tuition savings program and receive the same tax benefits as contributions to the state program. The savings from these contributions will not be considered as income when determining state student aid eligibility.

FISCAL NOTE: No impact on state funds in FY 2009, FY 2010, and FY 2011.

PROPONENTS: Supporters say that the law needs to be clarified for joint tax returns so that the burden of paperwork is reduced. If state residents are allowed to invest in other college savings "529" plans, competition should improve service.

Testifying for the bill were Representative Muschany for Senator Rupp; Jim Kueny; and Kim Chamberlain, Securities Industry and Financial Markets Association.

OPPONENTS: There was no opposition voiced to the committee.