

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5872-01  
Bill No.: HB 2115  
Subject: State Treasurer; Savings and Loan; Higher Education  
Type: Original  
Date: February 15, 2018

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Bill Summary: This proposal modifies provisions of the Missouri Higher Education Savings Program.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from **Office of Administration - Budget and Planning (BAP)** assume, to the extent that taxpayers transfer monies from MOST accounts to ABLE accounts that would have otherwise been taxable distributions, general and total state revenues may be negatively impacted. BAP does not have sufficient data to estimate the impact.

Officials from the **Department of Higher Education, Department of Revenue and Office of the State Treasurer** assume the proposal will have no fiscal impact on their organizations.

In response to a similar proposal, SB 882 (LR 5755-01), officials from **Department of Revenue (DOR)** assumed transfers to ABLE accounts from the MOST accounts may result in an unknown negative impact to general revenue.

**Oversight** notes an ABLE (Achieving a Better Life Experience) account is an investment account available to individuals with disabilities. The earnings on the accounts are tax-deferred and tax-free when used to pay for qualified disability expenses.

**Oversight** notes a MOST 529 account is a college savings investment account (Missouri Higher Education Savings Program). The earnings from the account are deferred from federal and state income taxes when used for qualifying expenses.

**Oversight** notes recent changes to federal law allow transfers from 529 plans college savings plans to ABLE plans without federal tax consequences. Under current state law, transfers from MOST 529 college savings accounts to ABLE accounts would be subject to state taxation. Oversight assumes this proposal would allow transfers from MOST 529 college savings accounts to ABLE accounts without state tax consequences.

**Oversight** notes the assets of MOST 529 accounts totaled \$2.492 billion at the end of 2015.

**Oversight** cannot estimate the amount of funds that would transfer from MOST accounts to ABLE accounts as a result of this proposal. Oversight will show a fiscal impact of an unknown loss based on responses from DOR and B&P.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
<b>GENERAL REVENUE</b>			
<u>Loss</u> - of income tax revenue from transfers to ABLE accounts from MOST accounts	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill modifies the Missouri Higher Education Savings Program to allow Missouri 529 account holders to transfer money from such 529 account to a Missouri ABLE account while retaining tax exempt status on any money transferred.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Revenue  
Office of Administration - Budget and Planning  
Office of the State Treasurer  
Department of Higher Education

Ross Strope

A handwritten signature in black ink, appearing to read "Ross Strope", with a stylized flourish at the end.

Acting Director  
February 15, 2018