



Ohio Legislative Service Commission

Bill Analysis

Mackenzie Damon

S.B. 6

131st General Assembly
(As Introduced)

Sens. Jones and Eklund, Gardner, Burke, Seitz, Hottinger, Widener, Patton, Hughes, Bacon, Beagle, Uecker, Brown, LaRose

BILL SUMMARY

- Increases the maximum income tax deduction allowed for contributions to a 529 college savings plan from \$2,000 to \$10,000 per year for each beneficiary.
- Establishes the Joint Committee on Ohio College Affordability to study and develop strategies to reduce the cost of attending college in the state.
- Declares an emergency.

CONTENT AND OPERATION

Increase of tax deduction for contributions to 529 college savings plan

Under continuing law, two tax-preferred college savings programs are authorized allowing individuals to purchase tuition units or make contributions to an investment account to pay for future college expenses. Both plans are designed to receive favorable tax treatment under Internal Revenue Code § 529. Earnings in 529 plans are not subject to federal income tax and, as long as they are used for qualified higher education expenses, withdrawals from 529 plans are exempt from both federal and state income taxation.

Continuing law also allows a state income tax deduction for purchases of tuition credits and contributions to a 529 college savings plan to the extent such purchases or contributions are included in the contributor's federal adjusted gross income. The deduction is limited to \$2,000 per beneficiary per year for the taxpayer or the taxpayer and the taxpayer's spouse, regardless of whether the taxpayer and spouse file separate returns or a joint return. The bill increases this annual limit to \$10,000.

As under current law, the bill allows a taxpayer to carry forward any excess deduction amount to future years until the amount of the purchases and contributions has been fully deducted. The bill's increased deduction first applies to taxable years ending on or after the date the bill becomes effective.¹

Joint Committee on Ohio College Affordability

The bill creates the Joint Committee on Ohio College Affordability. The Committee is charged with studying and developing strategies to reduce the cost of attending college in Ohio. In doing so, the Committee must consult with the Chancellor of the Board of Regents and representatives of colleges and universities.

The Committee must hold its first meeting within 60 days after the bill's effective date, and may meet at the members' discretion thereafter. Within one year after the bill's effective date the Committee must submit a report on its findings and recommendations to the Governor and General Assembly. The Committee ceases to exist after submitting the report.

Membership

The Committee consists of ten members, five of whom must be members of the Senate and five of whom must be members of House of Representatives. No more than three members from each chamber may be members of the same political party. The President of the Senate and Speaker of the House of Representatives must appoint the members from their respective chambers within 30 days after the bill's effective date.²

Emergency clause

The bill declares an emergency, causing the bill to become effective immediately and exempting it from the referendum.³

HISTORY

ACTION	DATE
Introduced	02-02-15

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¹ R.C. 5747.70 and Section 4 of the bill.

² Section 3 of the bill.

³ Section 5 of the bill.

