OHIO LEGISLATIVE SERVICE COMMISSION

Bill Analysis

Joe McDaniels

H.B. 524

132nd General Assembly
(As Introduced)

Reps. Scherer and Patterson, Rogers, Leland, Vitale, Stein, Riedel, Becker, Thompson, Boggs, Wiggam, Keller, Zeltwanger, Sweeney, Henne, Antonio, Ashford, Sprague, Boccieri, Cera, Lang, Brenner, Hill, Brown, Kick, Reineke

BILL SUMMARY

- Expands the income tax deduction allowed for contributions to Ohio's 529 college savings program to include contributions to 529 programs established by other states.

CONTENT AND OPERATION

Income tax deduction for contributions to any 529 college savings plan

Federal law authorizes states and post-secondary education institutions to operate tax-preferred college savings programs, known as "qualified tuition programs" or "529 plans." The State of Ohio currently offers such a plan, under which individuals may contribute to an investment account to pay for future post-secondary expenses. Ohio's plan is administered by the Ohio Tuition Trust Authority.[1] Earnings from 529 plans are exempt from federal income tax to the extent they are used to pay the qualified higher education expenses of the plan beneficiary. (The recently enacted federal Tax Cut and Jobs Act extends this favorable federal tax treatment to include 529 plan earnings used for primary and secondary school education.)

Continuing Ohio law also allows a state income tax deduction for contributions to Ohio's 529 plan. The bill extends the deduction so that it would apply as well to contributions to any 529 plan established by another state or by a post-secondary

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[1] Ohio law also offers a separate college savings program that qualifies as a 529 plan, under which individuals may purchase "tuition units." However, this plan has been closed to new contributions since December 31, 2003.

institution. As under current law, the deduction would be limited to $4,000 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; annual contributions in excess of $4,000 per beneficiary may be deducted in ensuing years, subject to the annual $4,000 limit. . The extended deduction applies to taxable years beginning in 2017 and thereafter.[2]

HISTORY

ACTION	DATE
Introduced	02-22-18

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[2] R.C. 5747.01(A)(10) and 5747.70; Section 3.