

FIRST REGULAR SESSION

SENATE BILL NO. 324

93RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR SCOTT.

Read 1st time February 8, 2005, and ordered printed.

TERRY L. SPIELER, Secretary.

0982S.011

AN ACT

To repeal section 166.435, RSMo, and to enact in lieu thereof one new section relating to a tax deduction for contributions to educational savings programs.

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Section A. Section 166.435, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 166.435, to read as follows: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. Notwithstanding any law to the contrary, the assets of the savings program held by the board [and], the assets of any deposit program authorized in section 166.500, **and the assets of any similar programs sponsored, held, or otherwise authorized by law by any other state or political subdivision thereof** and 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 savings program or deposit program **or any similar programs sponsored, held, or otherwise authorized by law by any other state or political subdivision thereof** shall not be subject to state income tax imposed pursuant to chapter 143, RSMo, 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, [and] the deposit program established pursuant to sections 166.500 to 166.529, **and any similar programs sponsored, held, or otherwise authorized by law by any other state or political subdivision thereof** and Section 529 of the Internal Revenue Code, and no exemption shall apply to assets and income expended for any other purposes. Annual contributions made to the savings program held by the board and the deposit program **and any similar programs sponsored, held, or otherwise authorized by law by any other state or political**

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

subdivision thereof up to and including eight thousand dollars for the participant taxpayer shall be subtracted in determining Missouri adjusted gross income pursuant to section 143.121, RSMo.

2. If any deductible contributions to or earnings from any such program referred to in this section are distributed and not used to pay qualified higher education expenses or are not held for the minimum length of time established by the appropriate Missouri state authority, 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] **2005**, and the provisions of this section with regard to sections 166.500 to 166.529 shall apply to tax years beginning on or after January 1, 2004.

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