

SECOND REGULAR SESSION

SENATE BILL NO. 863

94TH GENERAL ASSEMBLY

INTRODUCED BY SENATORS RUPP.

Pre-filed December 1, 2007, and ordered printed.

TERRY L. SPIELER, Secretary.

3514S.011

AN ACT

To repeal section 166.435, RSMo, and to enact in lieu thereof one new section relating to the income tax deduction for contributions to the Missouri higher education savings program.

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Section A. Section 166.435, RSMo, is repealed and one new section
2 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
2 savings program held by the board and the assets of any deposit program
3 authorized in section 166.500 and qualified pursuant to Section 529 of the
4 Internal Revenue Code and any income therefrom shall be exempt from all
5 taxation by the state or any of its political subdivisions. Income earned or
6 received from the savings program or deposit program shall not be subject to
7 state income tax imposed pursuant to chapter 143, RSMo, and shall be eligible
8 for any benefits provided in accordance with Section 529 of the Internal Revenue
9 Code. The exemption from taxation pursuant to this section shall apply only to
10 assets and income maintained, accrued, or expended pursuant to the
11 requirements of the savings program established pursuant to sections 166.400 to
12 166.455, and the deposit program established pursuant to sections 166.500 to
13 166.529, and Section 529 of the Internal Revenue Code, and no exemption shall
14 apply to assets and income expended for any other purposes. Annual
15 contributions made to the savings program held by the board and the deposit
16 program up to and including eight thousand dollars [for the participant] **per**
17 **participating taxpayer, and up to sixteen thousand dollars for married**
18 **individuals filing a joint tax return**, shall be subtracted in determining

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

19 Missouri adjusted gross income pursuant to section 143.121, RSMo.

20 2. If any deductible contributions to or earnings from any such program
21 referred to in this section are distributed and not used to pay qualified higher
22 education expenses or are not held for the minimum length of time established
23 by the appropriate Missouri state authority, the amount so distributed shall be
24 added to the Missouri adjusted gross income of the participant, or, if the
25 participant is not living, the beneficiary.

26 3. The provisions of this section shall apply to tax years beginning on or
27 after January 1, 1999, and the provisions of this section with regard to sections
28 166.500 to 166.529 shall apply to tax years beginning on or after January 1, 2004.

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Bill

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