

SECOND REGULAR SESSION

[P E R F E C T E D]

SENATE SUBSTITUTE FOR

SENATE BILL NO. 882

99TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR HOSKINS.

Offered February 27, 2018.

Senate Substitute adopted, February 27, 2018.

Taken up for Perfection February 27, 2018. Bill declared Perfected and Ordered Printed.

ADRIANE D. CROUSE, Secretary.

5755S.02P

AN ACT

To repeal section 166.435 as enacted by senate bill no. 366, ninety-eighth general assembly, first regular session and section 166.435 as enacted by senate bill no. 863, ninety-fourth general assembly, second regular session, RSMo, and to enact in lieu thereof one new section relating 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 as enacted by senate bill no. 366, ninety-eighth
2 general assembly, first regular session and section 166.435 as enacted by senate
3 bill no. 863, ninety-fourth general assembly, second regular session, RSMo, are
4 repealed and one new section enacted in lieu thereof, to be known as section
5 166.435, to read as follows:

166.435. 1. Notwithstanding any law to the contrary, the assets of the
2 savings program held by the board, the assets of any deposit program authorized
3 in section 166.500, and the assets of any qualified tuition savings program
4 established pursuant to Section 529 of the Internal Revenue Code and any income
5 therefrom shall be exempt from all taxation by the state or any of its political
6 subdivisions. Income earned or received from the savings program, deposit, or
7 other qualified tuition savings programs established under Section 529 of the
8 Internal Revenue Code [program], or refunds of qualified higher education
9 expenses received by a beneficiary from an eligible educational institution in
10 connection with withdrawal from enrollment at such institution which are

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

11 contributed within sixty days of withdrawal to a qualified tuition savings program
12 of which such individual is a beneficiary shall not be subject to state income tax
13 imposed pursuant to chapter 143 and shall be eligible for any benefits provided
14 in accordance with Section 529 of the Internal Revenue Code. The exemption
15 from taxation pursuant to this section shall apply only to assets and income
16 maintained, accrued, or expended pursuant to the requirements of the savings
17 program established pursuant to sections 166.400 to 166.455, the deposit program
18 established pursuant to sections 166.500 to 166.529, and other qualified tuition
19 savings programs established under Section 529 of the Internal Revenue Code,
20 and no exemption shall apply to assets and income expended for any other
21 purposes. Annual contributions made to the savings program held by the board,
22 the deposit program, and any qualified tuition savings program established under
23 Section 529 of the Internal Revenue Code up to and including eight thousand
24 dollars per participating taxpayer, and up to sixteen thousand dollars for married
25 individuals filing a joint tax return, shall be subtracted in determining Missouri
26 adjusted gross income pursuant to section 143.121.

27 2. If any deductible contributions to or earnings from any such program
28 referred to in this section are distributed and not used to pay qualified higher
29 education expenses, **not transferred as allowed by 26 U.S.C. 529(c)(3)(C)(i),**
30 **as amended, and any Internal Revenue Service regulations or guidance**
31 **issued in relation thereto,** or are not held for the minimum length of time
32 established by the appropriate Missouri board, **then** the amount so distributed
33 shall be [added to] **included in** the Missouri adjusted gross income of the
34 participant, or, if the participant is not living, the beneficiary.

35 3. The provisions of this section shall apply to tax years beginning on or
36 after January 1, 2008, and the provisions of this section with regard to sections
37 166.500 to 166.529 shall apply to tax years beginning on or after January 1, 2004.

38 [4. The repeal and reenactment of this section shall become effective only
39 upon notification by the State Treasurer to the Revisor of Statutes of the passage
40 of H.R. 529 of the 114th United States Congress.]

[166.435. 1. Notwithstanding any law to the contrary, the
2 assets of the savings program held by the board, the assets of any
3 deposit program authorized in section 166.500, and the assets of
4 any qualified tuition savings program established pursuant to
5 Section 529 of the Internal Revenue Code and any income
6 therefrom shall be exempt from all taxation by the state or any of

7 its political subdivisions. Income earned or received from the
8 savings program, deposit, or other qualified tuition savings
9 programs established under Section 529 of the Internal Revenue
10 Code program shall not be subject to state income tax imposed
11 pursuant to chapter 143 and shall be eligible for any benefits
12 provided in accordance with Section 529 of the Internal Revenue
13 Code. The exemption from taxation pursuant to this section shall
14 apply only to assets and income maintained, accrued, or expended
15 pursuant to the requirements of the savings program established
16 pursuant to sections 166.400 to 166.455, the deposit program
17 established pursuant to sections 166.500 to 166.529, and other
18 qualified tuition savings programs established under Section 529
19 of the Internal Revenue Code, and no exemption shall apply to
20 assets and income expended for any other purposes. Annual
21 contributions made to the savings program held by the board, the
22 deposit program, and any qualified tuition savings program
23 established under Section 529 of the Internal Revenue Code up to
24 and including eight thousand dollars per participating taxpayer,
25 and up to sixteen thousand dollars for married individuals filing a
26 joint tax return, shall be subtracted in determining Missouri
27 adjusted gross income pursuant to section 143.121.

28 2. If any deductible contributions to or earnings from any
29 such program referred to in this section are distributed and not
30 used to pay qualified higher education expenses or are not held for
31 the minimum length of time established by the appropriate
32 Missouri board, the amount so distributed shall be added to the
33 Missouri adjusted gross income of the participant, or, if the
34 participant is not living, the beneficiary.

35 3. The provisions of this section shall apply to tax years
36 beginning on or after January 1, 2008, and the provisions of this
37 section with regard to sections 166.500 to 166.529 shall apply to
38 tax years beginning on or after January 1, 2004.]

✓