

SECOND REGULAR SESSION

SENATE BILL NO. 1279

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR COLEMAN.

5303S.01I

KRISTINA MARTIN, Secretary

AN ACT

To repeal section 166.435, RSMo, and to enact in lieu thereof one new section relating to an income tax deduction for contributions to certain savings accounts.

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Section A. Section 166.435, RSMo, is repealed and one new
2 section enacted in lieu thereof, to be known as section 166.435,
3 to read as follows:

166.435. 1. Notwithstanding any law to the contrary,
2 the assets of the program held by the board, the assets of
3 any deposit program authorized in section 166.500, and the
4 assets of any qualified tuition program established pursuant
5 to Section 529 of the Internal Revenue Code and any income
6 therefrom shall be exempt from all taxation by the state or
7 any of its political subdivisions. Income earned or
8 received from the program, deposit, or other qualified
9 tuition programs established under Section 529 of the
10 Internal Revenue Code, or refunds of qualified education
11 expenses received by a beneficiary from an eligible
12 educational institution in connection with withdrawal from
13 enrollment at such institution which are contributed within
14 sixty days of withdrawal to a qualified tuition program of
15 which such individual is a beneficiary shall not be subject
16 to state income tax imposed pursuant to chapter 143 and
17 shall be eligible for any benefits provided in accordance

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

18 with Section 529 of the Internal Revenue Code. The
19 exemption from taxation pursuant to this section shall apply
20 only to assets and income maintained, accrued, or expended
21 pursuant to the requirements of the program established
22 pursuant to sections 166.400 to 166.455, the deposit program
23 established pursuant to sections 166.500 to 166.529, and
24 other qualified tuition programs established under Section
25 529 of the Internal Revenue Code, and no exemption shall
26 apply to assets and income expended for any other purposes.
27 Annual contributions made to the program held by the board,
28 the deposit program, and any qualified tuition program
29 established under Section 529 of the Internal Revenue Code
30 [up to and including eight thousand dollars per taxpayer,
31 and up to sixteen thousand dollars for married individuals
32 filing a joint tax return,] shall be subtracted in
33 determining Missouri adjusted gross income pursuant to
34 section 143.121.

35 2. If any deductible contributions to or earnings from
36 any such program referred to in this section are distributed
37 and not used to pay qualified education expenses, not
38 transferred as allowed by 26 U.S.C. Section 529(c)(3)(C)(i),
39 as amended, and any Internal Revenue Service regulations or
40 guidance issued in relation thereto, or are not held for the
41 minimum length of time established by the appropriate
42 Missouri board, then the amount so distributed shall be
43 included in the Missouri adjusted gross income of the
44 participant, or, if the participant is not living, the
45 beneficiary.

46 3. The provisions of this section shall apply to tax
47 years beginning on or after January 1, 2008, and the
48 provisions of this section with regard to sections 166.500

49 to 166.529 shall apply to tax years beginning on or after
50 January 1, 2004.

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