

SECOND REGULAR SESSION

# SENATE BILL NO. 1440

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR HUDSON.

5848S.011

KRISTINA MARTIN, Secretary

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Section A. Section 166.435, RSMo, is repealed and one new  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

166.435. 1. **(1)** Notwithstanding any law to the  
2 contrary, the assets of the program held by the board, the  
3 assets of any deposit program authorized in section 166.500,  
4 and the assets of any qualified tuition program established  
5 pursuant to Section 529 of the Internal Revenue Code and any  
6 income therefrom shall be exempt from all taxation by the  
7 state or any of its political subdivisions. Income earned  
8 or 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

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 program established pursuant to sections 166.400 to 166.455, the deposit program established pursuant to sections 166.500 to 166.529, and other qualified tuition programs established under Section 529 of the Internal Revenue Code, and no exemption shall apply to assets and income expended for any other purposes.

**(2) For all tax years ending on or before December 31, 2025,** annual contributions made to the program held by the board, the deposit program, and any qualified tuition program established under Section 529 of the Internal Revenue Code up to and including eight thousand dollars per taxpayer, and up to sixteen thousand dollars for married individuals filing a joint tax return, shall be subtracted in determining Missouri adjusted gross income pursuant to section 143.121.

**(3) For all tax years beginning on or after January 1, 2026,** annual contributions made to the deposit program or the Missouri education program established under sections 166.400 to 166.455, or both, up to and including eight thousand dollars per taxpayer, and up to sixteen thousand dollars for married individuals filing a joint tax return, shall be subtracted in determining Missouri adjusted gross income pursuant to section 143.121.

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 education expenses, not transferred as allowed by 26 U.S.C. Section 529(c)(3)(C)(i), as amended, and any Internal Revenue Service regulations or guidance issued in relation thereto, or are not held for the

50 minimum length of time established by the appropriate  
51 Missouri board, then the amount so distributed shall be  
52 included in the Missouri adjusted gross income of the  
53 participant, or, if the participant is not living, the  
54 beneficiary.

55       3. The provisions of this section shall apply to tax  
56 years beginning on or after January 1, 2008, and the  
57 provisions of this section with regard to sections 166.500  
58 to 166.529 shall apply to tax years beginning on or after  
59 January 1, 2004.

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