

2021 Regular Session

SENATE BILL NO. 5

BY SENATOR FOIL

TAX/INCOME/PERSONAL. Excludes amounts deposited into certain education savings accounts for tuition expenses for elementary and secondary schools from state income tax. (1/1/22)

1 AN ACT

2 To amend and reenact R.S. 17:3100.5(A)(1) and R.S. 47:297.11 and to enact R.S.
3 47:293(9)(a)(xx), 297.10(C), and 297.12(C), relative to the Louisiana Student
4 Tuition Assistance and Revenue Trust Kindergarten Through Grade Twelve
5 Program; to provide relative to education savings accounts; to provide certain
6 definitions; to provide relative to earnings enhancements; to provide for
7 applicability; to provide for an effective date; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 17:3100.5(A)(1) is hereby amended and reenacted to read as follows:

10 §3100.5. Education savings accounts; types, use, limitations, and disclosures

11 A.(1)(a) The authority may enter into an account owner's agreement with any
12 person who qualifies pursuant to R.S. 17:3100.6(A) for the creation of an education
13 savings account on behalf of a beneficiary. When the number of available
14 agreements is limited, preference shall be given to the establishment of account
15 owner agreements with resident account owners who are establishing accounts for
16 resident beneficiaries.

17 (b) For tax years beginning on and after January 1, 2022, amounts that

1 **an account owner deposits into an education savings account shall be exempt**
2 **from inclusion in the account owner's taxable income for the purposes of state**
3 **individual income tax up to a maximum of one thousand two hundred dollars**
4 **per beneficiary per taxable year for account owners filing single returns and up**
5 **to a maximum of two thousand four hundred dollars per beneficiary per taxable**
6 **year for account owners filing joint returns, as provided in R.S.**
7 **47:293(9)(a)(xx). If an account owner deposits less than the maximum one**
8 **thousand two hundred dollars per year in an owned account and files a single**
9 **return or if married account owners deposit less than the maximum of two**
10 **thousand four hundred dollars per year in an account or accounts for a**
11 **beneficiary and file a joint return, the difference between the total deposits and**
12 **one thousand two hundred dollars or two thousand four hundred dollars,**
13 **respectively, shall roll over to subsequent years and shall be exempt from**
14 **inclusion in the account owner's taxable income for the purposes of state income**
15 **tax in addition to the one thousand two hundred dollars or two thousand four**
16 **hundred dollars in the year actually deposited, as provided in R.S.**
17 **47:293(9)(a)(xx).**

18 **(c) The deduction provided for in Subparagraph (b) of this Paragraph**
19 **shall not be allowed for any deposits that are withdrawn within the same**
20 **taxable year as the deposit.**

21 * * *

22 Section 2. R.S. 47:297.11 is hereby amended and reenacted and R.S.
23 47:293(9)(a)(xx), 297.10(C), and 297.12(C) are hereby enacted to read as follows:

24 §293. Definitions

25 The following definitions shall apply throughout this Part, unless the context
26 requires otherwise:

27 * * *

28 (9)(a) "Tax table income", for resident individuals, means adjusted gross
29 income plus interest on obligations of a state or political subdivision thereof, other

1 than Louisiana and its municipalities, title to which obligations vested with the
2 resident individual on or subsequent to January 1, 1980, and less:

3 * * *

4 **(xx) For tax years beginning on and after January 1, 2022, the amount**
5 **deposited in an education savings account as provided in R.S. 17:3100.5(A)(1)(b)**
6 **and any interest accrued thereon; however, any deposit plus interest withdrawn**
7 **from an education savings account for purposes other than paying qualified**
8 **education expenses, as defined in R.S. 17:3100.2, shall be included in tax table**
9 **income.**

10 * * *

11 §297.10. Tax deduction; elementary and secondary school tuition

12 * * *

13 **C. Disbursements from the Louisiana Student Tuition Assistance and**
14 **Revenue Trust Kindergarten Through Grade Twelve Program that are entitled**
15 **to the deduction under R.S. 17:3100.5 and that are used to pay tuition and fees**
16 **for a student's enrollment in a nonpublic elementary or secondary school or to**
17 **any public elementary or secondary laboratory school operated by a public**
18 **college or university shall not be eligible for the deduction authorized pursuant**
19 **to this Section.**

20 §297.11. Tax deduction; educational expenses for home-schooled children

21 **A.** There shall be allowed a deduction from tax table income for educational
22 expenses paid during the taxable year by a taxpayer for home-schooling of a child,
23 if the child qualifies as a dependency exemption on the taxpayer's Louisiana income
24 tax return. The deduction authorized by this Section shall be equal to fifty percent
25 of the actual amount of qualified educational expenses paid by the taxpayer for the
26 home-schooling of each child, but no more than five thousand dollars of deduction
27 per child may be allowed to one or more taxpayers if the child qualifies as a
28 dependency exemption on the taxpayer's Louisiana income tax return for either the
29 taxable year or the prior taxable year. For purposes of this Section, qualified

1 educational expenses shall include amounts expended for the purchase of textbooks
2 and curricula necessary for home-schooling of each child. The amount of the
3 deduction authorized by this Section shall not exceed the total taxable income of the
4 individual.

5 **B. Disbursements from the Louisiana Student Tuition Assistance and**
6 **Revenue Trust Kindergarten Through Grade Twelve Program that are entitled**
7 **to the deduction under R.S. 17:3100.5 and that are used to pay tuition and fees**
8 **for a student's enrollment in a nonpublic elementary or secondary school or to**
9 **any public elementary or secondary laboratory school operated by a public**
10 **college or university shall not be eligible for the deduction authorized pursuant**
11 **to this Section.**

12 §297.12. Tax deduction; fees and other educational expenses for a quality public
13 education

14 * * *

15 **C. Disbursements from the Louisiana Student Tuition Assistance and**
16 **Revenue Trust Kindergarten Through Grade Twelve Program that are entitled**
17 **to the deduction under R.S. 17:3100.5 and that are used to pay costs associated**
18 **with a student's enrollment in a public elementary or secondary school in order**
19 **to ensure a quality education shall not be eligible for the deduction authorized**
20 **pursuant to this Section.**

21 Section 3. The provisions of this Act shall be applicable to tax years beginning on
22 and after January 1, 2022.

23 Section 4. This Act shall become effective on January 1, 2022.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Curry Lann.

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Present law provides for the La. Student Tuition Assistance and Revenue Trust Kindergarten Through Grade Twelve (START K12) Program, an education savings program for certain expenses associated with enrolling in grades kindergarten through 12. The START K12 Program is similar to the La. Student Tuition Assistance and Revenue Trust (START) Program, except the former is for certain expenses associated with an elementary or

secondary school and the latter is for certain expenses associated with an institution of postsecondary education.

Present law excludes a portion of annual deposits from a START Program account owner's state tax table income for up to \$2,400 for single filers and \$4,800 for joint filers, per account. If less than the maximum annual deposits are deposited in any year, then the difference between the total deposit and \$2,400 for single filers or \$4,800 for joint filers shall roll over to subsequent years and shall be exempt from inclusion in the account owner's state taxable income.

Proposed law retains present law and excludes annual deposits to a START K12 Program from the account owner's state income tax. Proposed law limits the exclusion to \$1,200 for single filers and \$2,400 for joint filers per beneficiary. Proposed law prohibits the exclusion from applying to deposits withdrawn within the same taxable year as the deposit.

Present law authorizes a tax deduction for costs associated with enrollment in an elementary or secondary school. Proposed law prohibits an account owner from claiming both the tax exclusion for the START K12 Program and the tax deduction for costs associated with enrollment in an elementary and secondary school within the same taxable year.

Effective January 1, 2022.

(Amends R.S. 17:3100.5(A)(1) and R.S. 47:297.11; adds R.S. 47:293(9)(a)(xx), 297.10(C), and 297.12(C))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Makes technical changes.