

2019 Regular Session

HOUSE BILL NO. 592

BY REPRESENTATIVE FOIL

TAX/INCOME TAX: Excludes amounts deposited into certain education savings accounts for tuition expenses for elementary and secondary schools from state income taxes

1 AN ACT
2 To amend and reenact R.S. 17:3100.5(A)(1) and to enact R.S. 47:293(9)(a)(xviii),
3 297.10(C), and 297.12(C), relative to the Louisiana Student Tuition Assistance and
4 Revenue Trust Kindergarten Through Grade Twelve Program; to provide relative to
5 education savings accounts; to provide certain definitions; to provide relative to
6 earnings enhancements; to provide for applicability; to provide for an effective date;
7 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, 2020, amounts which an
18 account owner deposits into an education savings account shall be exempt from
19 inclusion in the account owner's taxable income for the purposes of state income tax
20 up to a maximum of two thousand four hundred dollars per account owned per

DIGEST

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HB 592 Reengrossed

2019 Regular Session

Foil

Abstract: Excludes amounts deposited into education savings accounts for tuition expenses at elementary and secondary schools under the START K12 Program from state income tax.

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 \$2,400 for single filers and \$4,800 for joint filers per account. 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 Jan. 1, 2020.

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

Summary of Amendments Adopted by House

The House Floor Amendments to the original bill:

1. Remove the tax exclusion to a START K12 Program account owner's state tax table income on annual deposits up to \$2,400 for single filers and \$4,800 for joint filers.

The House Floor Amendments to the engrossed bill:

1. Change proposed law from authorizing the credit of earning enhancements to START K12 education accounts to exempting START K12 Program account owner's annual deposits up to \$2,400 for single filers and \$4,800 for joint filers from inclusion in the account owner's state taxable income.

2. Prohibit an account owner from claiming both the START K12 Program tax exemption and the tax deduction for tuition and expenses associated with enrollment in an elementary or secondary school within the same taxable year.
3. Add applicability of proposed law to tax gains beginning on and after Jan. 1, 2020.