HB 487 Re-Reengrossed   2018 Regular Session   Zeringue

Abstract: Creates the START K12 Program for education savings accounts for tuition expenses at elementary and secondary schools.

START and START K12 Programs, generally

Present law creates the La. Student Tuition Assistance and Revenue Trust (START) Program, an education savings program for certain expenses associated with enrolling in an institution of postsecondary education. Provides for earnings enhancements (a "state match") on deposits between 2% and 14% annually; such rate depends on the account category and the account owner's income. Also exempts a portion of annual deposits from an account owner's state tax table income (up to $2,400 for single filers and $4,800 for joint filers, per account). Provides for administration by the La. Tuition Trust Authority (LATTA). Proposed law retains present law.

Proposed law creates the La. Student Tuition Assistance and Revenue Trust Kindergarten Through Grade Twelve (START K12) Program, an education savings program that is similar to the START program except that it is for certain expenses associated with enrolling in grades kindergarten through 12. Defines such expenses as tuition in connection with enrollment or attendance at a public or approved nonpublic elementary or secondary school in La., limited to grades K-12. Limits disbursements of such expenses to a maximum of $10,000 per tax year, per beneficiary. Provides for a state match at the same rates applicable to the START Program and for administration by LATTA. Does not provide for exemption of a portion of annual deposits from an account owner's state tax table income. (Legislation regarding tax exemptions during a Regular Session during an even-numbered year is prohibited by present constitution.) Prohibits a transfer or rollover from a START account to a START K12 account.

Louisiana Education Tuition and Savings Plan and Fund

Present law establishes in the state treasury as a special permanent fund the La. Education Tuition and Savings Fund, known as the "Tuition and Savings Fund". Provides for separate accounts for the START Program and for another education savings program authorized by present law. Establishes the "Savings Enhancement Fund" as a special permanent sub-account within the START Program account and provides, as budgeted by LATTA, that the legislature shall annually appropriate state general funds to be deposited by the treasurer in this fund. Provides that this fund shall be used for earnings enhancements for START accounts. Provides that the legislature shall make yearly appropriations from the respective account and sub-account, if applicable, to the LATTA for present law purposes.

Proposed law provides that the START Program account shall also be for the START K12 program, that the Savings Enhancement Fund shall also be used to fund earnings enhancements for the START K12 program, and that appropriations to LATTA shall also be made for purposes of the START K12 program.

Abandoned property

Present law provides that property is presumed abandoned if it is unclaimed by the apparent owner during the time set forth in present law for the particular property. Proposed law adds that unclaimed funds in a START K12 account during any five-year period subsequent to the beneficiary's 20th birthday shall be presumed abandoned.

Payroll withholdings

Present law authorizes any employee of the state or a political subdivision in the state to authorize his employer to withhold from his salary amounts for deposit into a START account. Proposed law also grants such employees this authority relative to salary withholdings for deposits to START K12 accounts.

Public records

Present law provides a public records exception for all LATTA records indicating the identity of owners and beneficiaries of START education savings accounts and the amounts used or refunded under an account owner's agreement. Proposed law provides an additional public records exception for all such records relative to START K12 accounts.

Dept. of Revenue records

Present law provides that except as otherwise provided by present law, the records and files of the secretary of the Dept. of Revenue are confidential and privileged. Present law allows the department to furnish a taxpayer's reported federal adjusted gross income to the La. Office of Student Financial Assistance (LOSFA) for purposes of administering the START program and the Taylor Opportunity Program for Students (TOPS). Proposed law also allows this for the START K12 program.

Transitional provision

Proposed law allows funds deposited prior to Jan. 1, 2018, to a START account to be disbursed in 2018 to pay tuition at an elementary or secondary school. Provides that any such disbursement shall not include earnings enhancements or interest thereon. Limits the total amount of disbursements with respect to a beneficiary to $10,000.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 9:154(A)(15), R.S. 17:3129.4(C), R.S. 44:4.1(B)(9), and R.S. 47:1508(B)(17); Adds R.S. 17:3100.1-3100.10 and R.S. 42:456.2)

<u>Summary of Amendments Adopted by House</u>

The Committee Amendments Proposed by <u>House Committee on Appropriations</u> to the <u>reengrossed</u> bill:

1. Add transitional provision allowing funds deposited prior to Jan. 1, 2018, to a START account to be disbursed in 2018 for K-12 tuition; limited to $10,000 per beneficiary.

2. Add exception to the confidentiality of Dept. of Revenue records for purposes of the START K12 program.

3. Make <u>proposed law</u> effective upon governor's signature.