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

DIGEST

SB 78 Original 2020 Regular Session Foil

Present law provides for two education savings programs that are qualified tuition programs as defined in Section 529 of the federal Internal Revenue Code:

(1) The La. Student Tuition Assistance and Revenue Trust (START) Program (created in 1995) is for certain expenses associated with enrolling in an institution of postsecondary education. Present law provides for earnings enhancements (a "state match") annually, the rate of which depends on the account category and the account owner's income. Also exempts a portion of annual deposits from the account owner's state tax table income (up to $2,400 for single filers and $4,800 for joint filers, per account).

(2) The La. Student Tuition Assistance and Revenue Trust Kindergarten Through Grade Twelve (START K12) Program (created in 2018) 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. Limits disbursements of such expenses to a maximum of $10,000 per tax year, per beneficiary. Does not provide a state match or for exemption of a portion of annual deposits from an account owner's state tax table income.

Present law prohibits a transfer or rollover from a START account to a START K12 account. However, as a transitional provision with respect to the then-newly created START K12 program, in 2018, funds deposited prior to Jan. 1, 2018 to a START account were allowed to be disbursed in 2018 to pay tuition at an elementary or secondary school. Any such disbursement did not include earnings enhancements or interest thereon and the total amount of such disbursements with respect to a beneficiary was limited to $10,000.

Proposed law would allow disbursement of funds from a START account to pay tuition at an elementary or secondary school as defined by START K12. Disbursements shall not include earnings enhancements or interest thereon and shall be limited with respect to a beneficiary to $10,000 a year.

Effective August 1, 2020.

(Adds R.S. 17:3095(I))