

2022 Regular Session

SENATE BILL NO. 25

BY SENATOR FOIL

STUDENTS. Provides for earnings enhancements for the START K12 Program. (8/1/22)

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AN ACT

To amend and reenact R.S. 17:3100.2(9), 3100.7(B)(2)(b) and (c), and 3100.8(F), and to enact R.S. 17:3100.2(14) and (15), 3100.5(F)(5), and 3100.6(B)(3) and (D) through (G), relative to the Louisiana Student Tuition Assistance and Revenue Trust Kindergarten Through Grade Twelve Program; to provide relative to program administration; to provide for earnings enhancements; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 17:3100.2(9), 3100.7(B)(2)(b) and (c), and 3100.8(F) are hereby amended and reenacted, and R.S. 17:3100.2(14) and (15), 3100.5(F)(5), and 3100.6(B)(3) and (D) through (G) are hereby enacted to read as follows:

§3100.2. Definitions

For the purposes of this Chapter, the following words, terms, and phrases shall have the following meanings unless the context clearly requires otherwise:

* * *

(9) "Redemption value" means the cash value of the education savings account attributable to the sum of the principal invested and the interest earned on

1 principal and authorized to be credited to the account by the authority, earnings
2 enhancements appropriated by the legislature and authorized by the authority
3 to be credited to the account and the interest earned on the enhancements, less
4 any earnings enhancements or interest thereon restricted from expenditure, and
5 any fees due and imposed by rule of the authority.

6 * * *

7 (14) "Earnings enhancement" is a payment credited to an education
8 savings account, on behalf of the beneficiary of the account, to help offset the
9 beneficiary's qualified education expenses at an elementary or secondary school.

10 (15) "Savings Enhancement Fund" is the subaccount established within
11 the Tuition and Savings Fund by the state treasurer to receive funds
12 appropriated by the legislature or donated from any other source for the
13 purpose of funding earnings enhancements. The funds deposited in this
14 subaccount shall be used only to make earnings enhancements to beneficiaries
15 of education savings accounts, as annually appropriated by the legislature.

16 * * *

17 §3100.5. Education savings accounts; types, use, limitations, and disclosures

18 * * *

19 F. * * *

20 (5) Monies in the Variable Earnings Transaction Fund declared surplus
21 by the authority shall be appropriated to the Savings Enhancement Fund to be
22 used as earnings enhancements.

23 §3100.6. Education savings accounts; creation, terms, and conditions

24 * * *

25 B. * * *

26 (3) The beneficiary of each account shall be eligible for earnings
27 enhancements in accordance with this Section.

28 * * *

29 D. Accounts that are fully funded are no longer eligible for

1 state-appropriated earnings enhancements. For purposes of this Chapter, "fully
 2 funded" shall mean that the redemption value is equal to or greater than one
 3 hundred thirty thousand dollars.

4 E.(1) Annually, the authority shall credit the beneficiary of an education
 5 savings account an earnings enhancement calculated pursuant to this
 6 Paragraph. An earnings enhancement shall be determined by adding the
 7 deposits made to the account by the owner during the calendar year and
 8 multiplying that sum by the rate appropriate to the owner determined in
 9 accordance with Paragraph (3) of this Subsection. Earnings enhancements
 10 awarded in any year shall not exceed the balance in the Savings Enhancement
 11 Fund. The authority shall reduce earnings enhancement rates, pro rata, so that
 12 the total of the earnings enhancements to be awarded in any year does not
 13 exceed the balance in the Savings Enhancement Fund.

14 (2) For purposes of this Subsection, the deposits made to an account by
 15 the owner include all deposits of principal made to an education savings account
 16 during the calendar year ending December thirty-first of the year on which the
 17 earnings enhancement will be based, provided such amount is not more than
 18 one hundred thirty thousand dollars.

19 (3)(a) The earnings enhancement rate applicable to an account
 20 established by a person identified in Subparagraph (A)(1)(a) or (b) of this
 21 Section shall be determined by the adjusted gross income reported by the owner
 22 of the account on his federal tax return for the taxable year immediately
 23 preceding the year in which the beneficiary of the account is being considered
 24 for an earnings enhancement, according to the following schedule:

25 Reported Federal

<u>Adjusted Gross Income</u>	<u>Earnings Enhancement Rate</u>
<u>0 to \$29,999</u>	<u>14%</u>
<u>\$30,000 to \$44,999</u>	<u>12%</u>
<u>\$45,000 to \$59,999</u>	<u>9%</u>

1 \$60,000 to \$74,999 6%

2 \$75,000 to \$99,999 4%

3 \$100,000 and above 2%

4 (b) The earnings enhancement rate applicable to an account established
5 by a person identified in Subparagraph (A)(1)(c) of this Section shall be fixed
6 at the earnings enhancement rate for account owners who are members of the
7 family of the beneficiary who report an adjusted gross income of one hundred
8 thousand dollars and above.

9 (c) An account established by a person or persons identified in
10 Subparagraph (A)(1)(d) of this Section shall not be eligible for an earnings
11 enhancement.

12 (d) The earnings enhancement rate for an account established by a
13 person or persons identified in Subparagraph (A)(1)(e) of this Section shall be
14 determined by the adjusted gross income reported by the family of the
15 beneficiary of the account on its federal tax return for the taxable year
16 immediately preceding the year in which the beneficiary of the account is being
17 considered for an earnings enhancement, according to the schedule in
18 Subparagraph (a) of this Paragraph.

19 F. To be eligible in any given year for the crediting of an earnings
20 enhancement to an education savings account on behalf of the beneficiary, the
21 owner must authorize the authority to access the owner's prior year state
22 individual income tax return filed with the Louisiana Department of Revenue
23 or provide the authority a copy of his federal income tax return filed for the
24 prior year.

25 G. The earnings enhancements and the interest earned thereon may only
26 be disbursed from an account pro rata with the disbursement of deposits to pay
27 the beneficiary's qualified education expenses at an elementary or secondary
28 school. An earnings enhancement shall not be refunded.

29 §3100.7. Termination of depositor's agreements; refund; conversion of the account

1 to money; transfers

2 * * *

3 B. * * *

4 (2) The amount of the refund to which the person designated in the account
5 owner's agreement is entitled shall be equal to the following:

6 * * *

7 (b) The redemption value of the education savings account invested in fixed
8 earnings at the time of the refund, **minus any earnings enhancements** and interest
9 earned thereon, previously credited but not expended from the account, if the account
10 has been open for twelve or more months.

11 (c) The value of the education savings account invested in variable earnings
12 at the time of the refund, **minus any earnings enhancements** and interest earned
13 thereon previously credited but not expended from the account, if the account has
14 been open for twelve or more months.

15 * * *

16 §3100.8. Louisiana Education and Tuition Savings Fund; use

17 * * *

18 F. The authority shall maintain an individual account for each account
19 owner's agreement showing the beneficiary of that agreement and the accumulated
20 value of the principal deposited and interest earned on deposits, **earnings**
21 **enhancements credited, and interest earned on earnings enhancements**, pursuant
22 to that agreement. Upon request of any beneficiary or person who has entered into
23 an account owner's agreement, the authority shall provide a statement indicating, in
24 the case of a beneficiary or in the case of a person who has entered into an account
25 owner's agreement, the accumulated value of the principal deposited, interest earned
26 on deposits, **earnings enhancements credited, interest earned on earnings**
27 **enhancements**, and the amounts used or refunded, pursuant to the agreement. A
28 beneficiary and an account owner may request a statement under this Subsection at
29 any time, subject to any fee that the authority may impose for requests in excess of

