HLS 19RS-95 REENGROSSED

2019 Regular Session

HOUSE BILL NO. 592

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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

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 account owner deposits into an education savings account shall be exempt from 18 19 inclusion in the account owner's taxable income for the purposes of state income tax

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up to a maximum of two thousand four hundred dollars per account owned per

CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

taxable year for account owners filing single returns and up to a maximum of four
thousand eight hundred dollars per beneficiary per taxable year for account owners
filing joint returns, as provided in R.S. 47:293(9)(a)(xviii). If an account owner
deposits less than the maximum two thousand four hundred dollars per year in an
owned account and files a single return or if married account owners deposit less
than the maximum of four thousand eight hundred dollars per year in an account or
accounts for a beneficiary and file a joint return, the difference between the total
deposits and two thousand four hundred dollars or four thousand eight hundred
dollars, respectively, shall roll over to subsequent years and shall be exempt from
inclusion in the account owner's taxable income for the purposes of state income tax
in addition to the two thousand four hundred dollars or four thousand eight hundred
dollars in the year actually deposited, as provided in R.S. 47:293(9)(a)(xviii).
(c) The deduction provided for in Subparagraph (b) of this Paragraph shall
not be allowed for any deposits that are withdrawn within the same taxable year as
the deposit.
* * *
Section 2. R.S. 47:293(9)(a)(xviii), 297.10(C), and 297.12(C) are hereby enacted to
read as follows:
§293. Definitions
The following definitions shall apply throughout this Part, unless the context
requires otherwise:
* * *
(9)(a) "Tax table income", for resident individuals, means adjusted gross
income plus interest on obligations of a state or political subdivision thereof, other
than Louisiana and its municipalities, title to which obligations vested with the
resident individual on or subsequent to January 1, 1980, and less:
* * *
(xviii) For tax years beginning on and after January 1, 2020, the amount
deposited in an education savings account as provided in R.S. 17:3100.5(A)(1)(b)

1	and any interest accrued thereon; however, any deposit plus interest withdrawn from
2	an education savings account for purposes other than paying qualified education
3	expenses, as defined in R.S. 17:3100.2 shall be included in tax table income.
4	* * *
5	§297.10. Tax deduction; elementary and secondary school tuition
6	* * *
7	C. Disbursements from the Louisiana Student Tuition Assistance and
8	Revenue Trust Kindergarten through Grade Twelve Program which are entitled to
9	the deduction under R.S. 17:3100.5 and which are used to pay tuition and fees for a
10	student's enrollment in a nonpublic elementary or secondary school or to any public
11	elementary or secondary laboratory school operated by a public college or university
12	shall not be eligible for the deduction authorized under this Section.
13	* * *
14	§297.12. Tax deduction; fees and other educational expenses for a quality public
15	education
16	* * *
17	C. Disbursements from the Louisiana Student Tuition Assistance and
18	Revenue Trust Kindergarten through Grade Twelve Program which are entitled to
19	the deduction under R.S. 17:3100.5 and which are used to pay costs associated with
20	a student's enrollment in a public elementary or secondary school in order to ensure
21	a quality education shall not be eligible for the deduction under this Section.
22	* * *
23	Section 3. The provisions of this Act shall be applicable to tax years beginning on
24	and after January 1, 2020.
25	Section 4. This Act shall become effective on January 1, 2020.

## **DIGEST**

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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.

<u>Present law</u> 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.

<u>Present law</u> 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.

<u>Proposed law</u> retains <u>present law</u> and excludes annual deposits to a START K12 Program from the account owner's state income tax. <u>Proposed law</u> limits the exclusion to \$2,400 for single filers and \$4,800 for joint filers per account. <u>Proposed law</u> prohibits the exclusion from applying to deposits withdrawn within the same taxable year as the deposit.

<u>Present law</u> authorizes a tax deduction for costs associated with enrollment in an elementary or secondary school. <u>Proposed law</u> 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 <u>proposed law from authorizing</u> the credit of earning enhancements to START K12 education accounts <u>to exempting START K12 Program account</u> 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 <u>proposed law</u> to tax gains beginning on and after Jan. 1, 2020.