COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5755-02
Bill No.: Perfected SS for SB 882
Subject: Higher Education; State Treasurer
Type: Original
Date: February 28, 2018

Bill Summary: This proposal modifies provisions of the Missouri Higher Education Savings Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue	**(Unknown)**	**(Unknown)**	**(Unknown)**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on Other State Funds	**$0**	**$0**	**$0**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on FTE	**0**	**0**	**0**

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed $100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

Officials from **Department of Revenue (DOR)** assume transfers to ABLE accounts from the MOST accounts may result in an unknown negative impact to general revenue.

Officials from **Office of Administration - Budget and Planning (BAP)** assume, to the extent that taxpayers transfer monies from MOST accounts to ABLE accounts that would have otherwise been taxable distributions, general and total state revenues may be negatively impacted. BAP does not have sufficient data to estimate the impact.

Officials from the **Department of Higher Education** and **Office of the State Treasurer** assume the proposal will have no fiscal impact on their organizations.

Oversight notes an ABLE (Achieving a Better Life Experience) account is an investment account available to individuals with disabilities. The earnings on the accounts are tax-deferred and tax-free when used to pay for qualified disability expenses.

Oversight notes a MOST 529 account is a college savings investment account (Missouri's 529 College Savings Plan). The earnings from the account are deferred from federal and state income taxes when used for qualifying expenses.

Oversight notes recent changes to federal law allow transfers from 529 plans college savings plans to ABLE plans without federal tax consequences. Under current state law, transfers from MOST 529 college savings accounts to ABLE accounts would be subject to state taxation. Oversight assumes this proposal would allow transfers from MOST 529 college savings accounts to ABLE accounts without state tax consequences.

Oversight notes the assets of MOST 529 accounts totaled $2.492 billion at the end of 2015.

Oversight cannot estimate the amount of funds that would transfer from MOST accounts to ABLE accounts as a result of this proposal. Oversight will show a fiscal impact of an unknown loss based on responses from DOR and B&P.

FISCAL IMPACT - State Government	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE			
Loss - of income tax revenue from transfers to ABLE accounts from MOST accounts (which is currently state-taxable)	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	**(Unknown)**	**(Unknown)**	**(Unknown)**

FISCAL IMPACT - Local Government	FY 2019 (10 Mo.)	FY 2020	FY 2021
	$0	**$0**	**$0**

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This act modifies the Missouri Higher Education Savings Program to allow Missouri 529 account holders to transfer money from such 529 account to a Missouri ABLE account while retaining tax exempt status on any money transferred.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of Administration - Budget and Planning
Office of the State Treasurer
Department of Higher Education

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Acting Director
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JLH:LR:OD