

SESSION OF 2004

SUPPLEMENTAL NOTE ON SENATE BILL NO. 303

As Amended by Senate Committee of the Whole

Brief*

SB 303 would make changes to the statutes governing the Learning Quest postsecondary education savings accounts.

SB 303 would increase the maximum income tax deduction for contributions from \$2,000 to \$3,000 for individuals and from \$4,000 to \$6,000 for married couples filing jointly for each beneficiary beginning in tax year 2005.

The bill also makes technical amendments to cross reference statutes in the Civil Code regarding garnishment.

Background

The bill was introduced by the Legislative Educational Planning Committee at the request of the State Treasurer's Office. A representative of the Treasurer's Office appeared before the Committee in favor of the bill. Written testimony was received from the Board of Regents stating its neutrality. There were no opponents appearing before the Committee.

The Senate Education Committee amended the bill to adjust the income tax deduction from \$2,000 to \$3,000 for individuals and from \$4,000 to \$6,000 for married couples filing jointly beginning with tax year 2005. The original bill set the deductions at \$4,000 and \$8,000, respectively, beginning with tax year 2004. The Committee also amended the bill to delete a change which would have allowed a maximum contribution of an amount equal to five years of undergraduate study at the highest-cost institution eligible to participate in the program. The amended version of the bill passed by the Senate

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Education Committee reverts to current law which sets the maximum at the average of five years of study at institutions located in the Midwest with the exception that the bill would add the specification that the average be based upon undergraduate study.

The Senate Committee of the Whole amended the bill to clarify the amendment made by the Senate Education Committee. The amendment returns to the current law concerning the maximum annual contribution to the account.

The fiscal note on the original bill from the Division of the Budget states that the estimated fiscal impact of the bill would be a reduction of \$4,000,000 in revenue to the State General Fund. Reducing the maximum deduction would reduce the estimated impact, but a revised estimate is not available at this time.