

HB 1668 -- MISSOURI K-12 EDUCATION SAVINGS PROGRAM

SPONSOR: Swan

This bill creates the "Missouri K-12 Education Savings Program" and establishes the "Missouri K-12 Education Savings Board."

MISSOURI K-12 EDUCATION SAVINGS BOARD (Section 166.486, RSMo)

The Missouri K-12 Education Savings Board members are specified in the bill and include the State Treasurer, Commissioner of Education, Commissioner of the Office of Administration, Director of the Department of Economic Development, and one member appointed by the Speaker of House of Representatives.

The board must develop and implement the savings program, any educational programs, and materials for participants of the savings program. The duties and responsibilities of the board are specified in the bill and include entering into financial agreements with financial institutions, investing the funds, and making all deposits and distributions.

The board shall meet at least once per quarter, have four members present for a quorum, and a member may appoint a proxy for a specified meeting.

SAVINGS PROGRAM AGREEMENTS (Section 166.487)

This bill allows the board to enter into savings program agreements with participants on behalf of beneficiaries. The agreements must contain specified information including the terms and conditions, method of calculating the return on the contribution, disclosure of the risk of the investment, and be presented to participants in language easily understandable by the public.

The board shall establish contribution limits and a minimum length of time that contributions and earnings must be held by the savings program, as specified in the bill.

CONTRIBUTIONS, EARNINGS, AND CANCELLATION (Sections 166.488, 166.489, 166.490, and 144.491)

A participant may elect to contribute all or part of his or her income tax refund into the savings program. The amount deposited must be a minimum of \$25 and the Department of Revenue shall determine the amount of accounts that the taxpayer may contribute. If the taxpayer's refund is offset to pay amounts owed by him or her the contribution will not be made to an account. Contributions from a participant will be deposited and promptly invested by the

board. The contributions and subsequent earnings may be used for qualified K-12 educational expenses, as described in the bill, and will not be considered income for purposes of financial aid eligibility under any state student aid program, is tax exempt, and will be subtracted when determining Missouri adjusted gross income.

A participant may cancel his or her agreement at will. The board must impose at least a 10% penalty for any distribution that is not used exclusively for qualified educational expenses or used as otherwise specified in the bill.

The assets of the savings program may only be used as specified in these provisions and in accordance with the participation agreement.

#### REVIEW OF THE PROGRAM (Sections 166.494, 166.495 and 166.496)

The Director of Investment of the State Treasurer's Office will review the financial status, investment policy of the savings program, participation rate, and viability of the program on a semiannual basis. The director shall submit a report to the board annually. Any funds deposited into individual savings accounts and the subsequent accruals will not be part of total state revenues and all personally identifiable information of participants and beneficiaries will be confidential.

This bill is similar to HB 189 (2017) and HB 2696 (2016).