

**ONE HUNDRED THIRD LEGISLATURE - FIRST SESSION - 2013**  
**COMMITTEE STATEMENT**  
**LB296**

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**Hearing Date:** Friday February 01, 2013  
**Committee On:** Revenue  
**Introducer:** Hadley  
**One Liner:** Change provisions of the educational savings plan relating to income tax reductions and participation agreements

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**Roll Call Vote - Final Committee Action:**  
Advanced to General File with amendment(s)

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**Vote Results:**

**Aye:** 8 Senators Hadley, Hansen, Harr, Janssen, McCoy, Pirsch, Schumacher, Sullivan  
**Nay:**  
**Absent:**  
**Present Not Voting:**

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**Proponents:**

Sen. Burke Harr  
Don Stenberg  
Deborah Goodkin  
Thomas O'Neill  
Courtney VanDeVelde  
Mick Mines  
Ken Koop

**Representing:**

Introducer  
NE State Treasurer  
First National Bank of Omaha  
Assoc. of Independent Colleges and Universities of NE  
Voices for Children in NE  
NAIFA - NE  
Self

**Opponents:**

Susan Spahn

**Representing:**

NE State Bar Assoc.

**Neutral:**

**Representing:**

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**Summary of purpose and/or changes:**

This bill amends the individual income, corporation and fiduciary tax relative to the Nebraska educational savings plan with the following changes:

Increases the deduction for contributions to the plan from federal adjusted gross income or federal taxable income to \$5,000 for married filing separate returns and \$10,000 for all other returns.

Allows for a qualified rollover from another state's plan, including interest, earnings and state contributions, to qualify for the deduction.

Contributions from a custodian including rollovers from another custodial account qualify for the deduction to the extent the funds were contributed after the effective date of the bill.

Section 1: Implements the changes described above.

Section 2: Amends the definition of "participant or account owner" to include the parent or guardian of a minor, which is also the custodian of the account, for purposes of qualified contributions under certain circumstances.

Section 3: In cases where a participant dies or becomes legally incapacitated and has not designated a successor account owner, ownership of the account transfers to the account owner's spouse or the account beneficiary. The participant's estate is removed as a successor account owner.

Section 4: Sets the operative date as January 1, 2014

Section 5: Repeals relevant provisions.

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**Explanation of amendments:**

The bill was amended by the Committee. On page 14, the Committee struck some of the new language suggested in the original bill.

The statutory language, after amendment by the Committee, would read as follows.

If a participant dies or becomes legally incapacitated and has failed to name a successor account owner, the account beneficiary shall become the account owner.

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Galen Hadley, Chairperson