

One Hundred Second Legislature - Second Session - 2012

Introducer's Statement of Intent

LB954

Chairperson: Senator Greg Adams

Committee: Education

Date of Hearing: February 06, 2012

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB954 intends to harmonize provisions related to the Nebraska Education Savings Plan Trust with current practice regarding the Nebraska College Savings Plan Program and with related federal law in order to clarify the rights of Program participants and fully apprise them of the circumstances that will result in tax penalties.

With regard to current administration of the Program, LB954 clarifies that no minimum contribution amount is required and removes references to a "refund penalty" that is no longer enforced under our state tax code. As the Program is established and maintained pursuant to Internal Revenue Code Section 529, LB954 ensures compliance with Section 529. For example, LB954 replaces the term "higher education costs" with "qualified higher education expenses" which is consistent with Section 529. In addition, LB954 clarifies the types of actions that will subject a participant's account to federal and state tax penalties. For instance, a Program participant can apply his or her entire account balance toward eligible college expenses and the account will not be considered "canceled" and subject to penalties.

Principal Introducer: _____

Senator Tony Fulton