

March 2, 1989

LB 140

SENATOR CONWAY: No, anyone could establish an account in the name of a specific beneficiary.

SENATOR SMITH: No, no, I'm talking about aside from this bill. Isn't it already possible for parents to provide a gift to children up to \$3,000 a year?

SENATOR CONWAY: Sure.

SENATOR SMITH: Okay, so then that could be in addition...it seems to me with this bill, and I'm like all the rest of the people here, it's very difficult to stand up here and say I don't support this. It seems like this bill is really aimed at those people who can already afford to do this because the ones that would like to be able to do it, the ones that really should do it are not going to be able to set aside the \$2,000 a year, where if you have already the opportunity to set aside or give, as a gift, \$3,000 per year, and now you're saying another \$2,000 per year which would be tax free for those people who are giving the gift, that makes it quite a large amount of money. Now the next question that I have, Senator Conway...

SENATOR CONWAY: Pardon?

SENATOR SMITH: The next question that I have is, in my understanding there is no limit to the number of years that money could be put into this account?

SENATOR CONWAY: There is no limit, but you would also have to consider the fact that it has to be for educational expenses...

SENATOR SMITH: Right.

SENATOR CONWAY: ...that are specifically tuition, books and housing so, therefore, if you had a huge, huge account built up, ultimately you're going to have to recapture it anyway because the student wouldn't use that for those specific uses.

SENATOR SMITH: I'll bet they could. Okay.

SENATOR CONWAY: Gold-plated books.

SENATOR SMITH: Okay, so is it limited to what they can use the money for? It is limited, they can't...living expenses, those