

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
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on your bill.

SENATOR SCHROCK: Mr. Speaker, members of the Legislature, LB 1003 would create a qualified state tuition savings plan. Forty-six other states have a plan similar to this. Now I'm going to try a little attempt at humor here. I've been trying to think of a way to amend an ethanol bill into LB 1003 and it just doesn't fit. Having said that, this is Senator Pederson's priority bill and, as I said, 46 other states have a similar plan. The purpose of this bill is to create a plan which acts as an incentive for persons to save for a college education for their children or grandchildren. Section 529 of the Internal Revenue Code provides the parameters of setting up a qualified plan. We used the Iowa legislation as a model for the Nebraska plan. In our plan, the State Treasurer would have the responsibility for administering the plan. It is our intent that he would oversee the work of a contractor or consortium of contractors selected by him. The oversight role of the State Treasurer is extremely important and necessary for us to qualify the plan under federal legislation. Earnings and interest on the investment are taxed at the beneficiary's tax rate, which is likely to be lower than the participant's rate. The money from the plan could be used at a higher education institution in the United States where students can receive Title IV assistance. The bill, as introduced, would have given students attending Nebraska colleges and universities a greater return as the bill was introduced. However, General Funds would have been appropriated to an endowment fund, and earnings from the endowment fund would have been supplemented...would have supplemented the earnings from the regular plan for students attending colleges and University of Nebraska. However, it is my understanding that the Education Committee has not funded that piece of the original bill. Minnesota does that. For every dollar they take out of the tuition savings plan in Minnesota, the state of Minnesota matches that five dollars to keep as incentive for them to attend a university in Minnesota. My original bill would have been at 10 percent, but there was an A bill and a price, and so the Education Committee took that out. The details of the introduced bill and the committee amendments are very thoroughly covered in the Committee Statement on LB 1003. It would take much floor time to talk about all the details contained in the bill. I would encourage