

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE  
Transcriber's Office

March 29, 2000 LB 1003

SENATOR CUDABACK: Senator Raikes, would you respond to a...

SENATOR RAIKES: Yes, Senator, I'll try.

SENATOR CUDABACK: ...question, please?

SENATOR RAIKES: Yes. I'll try to respond. After or up to two years your grandparents, I think you said, could retrieve the money. They could get the principal, any investment income, but not any endowment fund money, and they may be assessed a refund penalty. So the answer to your question is they could get it back under those circumstances.

SENATOR SCHROCK: They could get it back, but they wouldn't receive some of the tax benefits.

SENATOR RAIKES: If they, yes, my understanding would be if they deducted it, as you would expect, from their tax when they contributed it, then when they got it back they would pay tax on the original contribution plus any earnings.

SENATOR SCHROCK: So they would not benefit from this investment account if they did not use it for a college education, but if they did use it for a college education then they would benefit.

SENATOR RAIKES: Well,...

SENATOR SCHROCK: But they wouldn't necessarily lose the money either. Is that correct?

SENATOR RAIKES: That's right. They would...they would...they may benefit because the investment income that they would have received may have been considerable.

SENATOR SCHROCK: But it would have no other greater tax benefits than if they had just invested in a...in a stock portfolio for their children or grandchildren.

SENATOR RAIKES: That's correct, Senator.

SENATOR SCHROCK: Okay. So they don't lose the money, the money