

ONE HUNDRED SIXTH LEGISLATURE - FIRST SESSION - 2019
COMMITTEE STATEMENT
LB547

Hearing Date: Tuesday February 05, 2019
Committee On: Education
Introducer: Wishart
One Liner: Create the College Savings Plan Matching Grant Program

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

Vote Results:

Aye:	6	Senators Brewer, Groene, Linehan, Morfeld, Murman, Walz
Nay:		
Absent:	1	Senator Kolowski
Present Not Voting:	1	Senator Pansing Brooks

Oral Testimony:

Proponents:
SENATOR ANNA WISHART
JOHN MURANTE
DEBORAH GOODKIN
PAUL TURMAN
AUBREY MANCUSO

Representing:
INTRODUCER
NEBRASKA STATE TREASURER
FIRST NATIONAL BANK
NEBRASKA STATE COLLEGE SYSTEM
VOICES FOR CHILDREN IN NEBRASKA

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

Legislative bill 547 establishes the College Savings Plan Matching Program, as well as the College Savings Plan Endowment Fund and the College Savings Plan Cash Fund.

The Treasurer shall accept qualified private contributions to the College Savings Endowment Fund until July 1, 2020. On such date, the Treasurer shall transfer an amount equal to the private contributions received from the General Fund to College Savings Plan Endowment Fund. No portion of the principal of this fund shall be expended for any purpose except investment. All investment earnings shall be credited to the College Savings Plan Cash Fund, in addition to any other money appropriated or transferred to the fund by the Legislature.

A participant shall be eligible under the program if the beneficiary for whom a contribution is made is part of a family whose household income for the most recent tax year is not more than 300% of the federal poverty level (FPL). Applicants for participation must be submitted annually to the State Treasurer for approval. The Treasurer shall approve the application if the beneficiary's family meets the household income requirement.

LB547 directs that any contribution made by an approved participant shall be matched with grant funds from the College Savings Plan Cash Fund as follows:

100% of the participant's contribution if the beneficiary's family household income for the most recent tax year is

more than 200%, but not more than 300%, of the FPL, or

200% of the participant's contribution if the beneficiary's family household income for the most recent tax year is not more than 200% of the FPL.

LB547 directs the State Treasurer, every January, to transfer from the College Savings Plan Cash Fund to the College Savings Plan Program Fund the amount necessary to meet the matching obligations for the previous year.

The Treasurer is directed to prepare and submit a program report to the Governor and the Legislature by January 31 of each year. The Treasurer may adopt and promulgate rules and regulations to carry out the College Savings Plan Matching Grant Program.

Explanation of amendments:

AM749 adds a provision to Neb. Rev. Statute Section 85-1802(7) to identify a "distribution from an account to pay the costs of attending kindergarten through grade twelve" as a nonqualified withdrawal for the purpose of college savings plans and the Nebraska educational trust fund established in Sections 85-1801 to 85-1817. Similarly, the amendment specifies that all investment earnings from the College Savings Plan Endowment Fund shall only be used to pay for "qualified higher education expenses."

Section 9(3) from the original draft of LB547 has been stricken by the amendment, which required the Treasurer to transfer an amount equal to the private contributions received from the General Fund to College Savings Plan Endowment Fund on July 1, 2020. AM749 still allows for the Treasurer to collect private contributions, as well as the Legislature to appropriate or transfer funds to the College Savings Plan Endowment Fund.

Finally, AM749 caps the matching grants at \$1000 of the participant's contribution.

Mike Groene, Chairperson