



HOUSE OF REPRESENTATIVES

REPRESENTATIVE GARY SCHERER

HOUSE DISTRICT 92

REPRESENTATIVE JOHN PATTERSON

HOUSE DISTRICT 99

Sponsor Testimony for House Bill 524

House Ways and Means Committee

March 14th, 2018

Chairman Schaffer, Ranking Member Rogers and members of the House Ways and Means Committee, Thank you for giving Rep. Patterson and myself the opportunity to provide sponsor testimony on House Bill 524.

If enacted, HB 524 would expand the income tax deduction allowed for contributions to Ohio's 529 college savings program to include contributions to any qualified 529 programs established under the Internal Revenue Service.

This language ensures that every family in Ohio receives the state tax benefits from saving in a qualified 529 College Savings Plan, whether it's with Ohio's or another qualified plan. As you may recall, we increased the tax benefit from \$2,000 to \$4,000 in the budget last year. Currently only families that select Ohio's 529 plan benefit from the \$4,000 tax deduction starting in 2018.

States can improve 529 plan performance and investor participation by offering these benefits to all savers in their state, regardless of the specific 529 plan in which they choose to invest. This is known as "tax parity." Offering tax parity promotes a simplified and low-cost process of saving for college, produces better returns for investors, enables more families to effectively save for college, and allows those families to focus on the important aspects of the plan rather than solely on a possible state tax deduction.

One-third of states, like Arizona, Kansas, Maine, Missouri, Montana and Pennsylvania, have enacted plans that offer tax parity for their residents. These plans have encouraged more families to save for college and boosted investor confidence by empowering investors with the flexibility to pick the plans that suit their needs and risk preferences.

As you can see from the website www.savingforcollege.com of state 529 plans Ohio's plan performs extremely well and is number 1 in the 3 and 5 year comparison.

Once again, Chairman Schaffer and members of the House Ways and Means Committee, thank you for the opportunity to offer sponsor testimony on behalf of HB 524. We would be happy to answer any questions.