



State Senators Jay Hottinger and Andrew Brenner
Senate Bill 125 Sponsor Testimony
House Ways and Means Committee
June 10, 2020

Chairman Merrin, Vice-Chairman LaRe, Ranking Member Rogers and members of the House Ways and Means Committee, thank you for the opportunity to give sponsor testimony on Senate Bill 125.

Senate Bill 125 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.

Federal law authorizes states to operate tax preferred education savings programs, known as "529 plans". As you may recall, we increased the tax benefit from \$2,000 to \$4,000 in the FY2018-2019 operating budget. However, only families that select Ohio's 529 plan benefit from the \$4,000 income tax deduction. Senate Bill 125 extends the deduction so that it would apply to *any* 529 plan established by another state or by an educational institution. This ensures that every family in Ohio receives the tax benefits from saving in a qualified 529 College Savings Plan – even if they don't choose Ohio's plan.

Senate Bill 125 allows Ohioans to focus on the important aspects of the plan as well as one that fits their needs rather than solely on a state tax deduction. It will help individuals make better choices and let the market decide which plan is best for the individual and their risk preferences.

Many states, including Pennsylvania, Arizona, Minnesota, Kansas, Missouri, Montana and more have enacted plans that offer tax parity.

For these reasons, we urge your favorable consideration on Senate Bill 125 and would be happy to answer any questions the Committee might have.