



State Senators Jay Hottinger and Andrew Brenner
Senate Bill 125 Sponsor Testimony
Senate Ways and Means Committee
October 22, 2019

Chairwomen Roegner, Ranking Member Williams and members of the Senate Ways and Means Committee, we are here to provide 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.

This legislation 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 state's 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.

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.

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

Chairwomen and members of the committee thank you for your time, and we would be happy to answer any questions that you might have.