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Senator John Eklund – Sponsor Testimony
Senate Bill 5
Senate Finance Committee
April 5, 2017

Good Morning Chairman Oelslager, Vice-Chair Manning, Ranking Member Skindell and members of the committee. Thank you for the opportunity to give sponsor testimony along with Senator Hottinger on Senate Bill 5, which would increase the maximum income tax deduction for college savings and achieving a better life experience (ABLE) contributions to \$10,000 annually for each beneficiary, and to create the Joint Committee on Ohio College Affordability.

With the cost of higher education on the rise, Ohioans have an option to help their children save for college. They can start a CollegeAdvantage 529 Plan. CollegeAdvantage is the only 529 college savings program that allows Ohio taxpayers to deduct their contributions when calculating Ohio taxable income. SB 5 will also increase the assistance for individuals with disabilities (ABLE accounts) in saving money without losing their eligibility for state and federal benefits and providing a pathway for economic independence and a better quality of life.

Currently in Ohio, a contributor can deduct up to \$2,000 per beneficiary, per calendar year, with unlimited carry forward in future years. For example, if a taxpayer contributed \$2,000 to accounts for each of her three children, she could deduct \$6,000 from her federal adjusted gross income to calculate her Ohio income taxes, so long as it was not deducted in arriving at Federal AGI.

SB 5 aims to increase that amount to \$10,000. With the example from above, maximum contributions for three children, when this legislation passes, would result in a \$30,000 Ohio deduction. By operation of R.C. §5747.7B, the change proposed in this bill would increase the amount of deductible contributions to Ohio's STABLE Accounts.

Additionally, this legislation establishes the Joint Committee on Ohio College Affordability, consisting of five members of the Senate and five members of the House to further study and recommend additional initiatives to make college education more affordable.

Thank you for the opportunity to provide testimony on Senate Bill 5, and we will be glad to answer any questions you may have.