

SECOND REGULAR SESSION

[PERFECTED]

# HOUSE BILL NO. 2226

## 94TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE MUSCHANY.

Read 1st time February 21, 2008 and copies ordered printed.

Read 2nd time February 25, 2008 and referred to the Special Committee on Student Achievement February 28, 2008.

Reported from the Special Committee on Student Achievement March 5, 2008 with recommendation the bill Do Pass by Consent.  
Referred to the Committee on Rules pursuant to Rule 25(21)(f).

Reported from the Special Committee on Rules March 11, 2008 with recommendation that the bill Do Pass by Consent with no time limit for debate.

Perfected by Consent March 26, 2008.

D. ADAM CRUMBLISS, Chief Clerk

5211L.01P

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## AN ACT

To repeal section 166.435, RSMo, and to enact in lieu thereof one new section relating to the income tax deduction for contributions to the Missouri higher education savings program.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Section 166.435, RSMo, is repealed and one new section enacted in lieu  
2 thereof, to be known as section 166.435, to read as follows:

166.435. 1. Notwithstanding any law to the contrary, the assets of the savings program  
2 held by the board and the assets of any deposit program authorized in section 166.500 and  
3 qualified pursuant to Section 529 of the Internal Revenue Code and any income therefrom shall  
4 be exempt from all taxation by the state or any of its political subdivisions. Income earned or  
5 received from the savings program or deposit program shall not be subject to state income tax  
6 imposed pursuant to chapter 143, RSMo, and shall be eligible for any benefits provided in  
7 accordance with Section 529 of the Internal Revenue Code. The exemption from taxation

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

8 pursuant to this section shall apply only to assets and income maintained, accrued, or expended  
9 pursuant to the requirements of the savings program established pursuant to sections 166.400 to  
10 166.455, and the deposit program established pursuant to sections 166.500 to 166.529, and  
11 Section 529 of the Internal Revenue Code, and no exemption shall apply to assets and income  
12 expended for any other purposes. Annual contributions made to the savings program held by the  
13 board and the deposit program up to and including eight thousand dollars [for the participant]  
14 **per participating taxpayer, and up to sixteen thousand dollars for married individuals filing**  
15 **a joint tax return**, shall be subtracted in determining Missouri adjusted gross income pursuant  
16 to section 143.121, RSMo.

17       2. If any deductible contributions to or earnings from any such program referred to in this  
18 section are distributed and not used to pay qualified higher education expenses or are not held  
19 for the minimum length of time established by the appropriate Missouri state authority, the  
20 amount so distributed shall be added to the Missouri adjusted gross income of the participant,  
21 or, if the participant is not living, the beneficiary.

22       3. The provisions of this section shall apply to tax years beginning on or after January  
23 1, 1999, and the provisions of this section with regard to sections 166.500 to 166.529 shall apply  
24 to tax years beginning on or after January 1, 2004.

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