

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4309H.01I
Bill No.: HB 2116
Subject: Taxation and Revenue - Income; Tax Incentives; Education, Higher; Treasurer,
State; Children and Minors
Type: Original
Date: January 20, 2026

Bill Summary: This proposal modifies provisions governing contributions to qualified tuition programs.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	Unknown	Unknown	Unknown
Total Estimated Net Effect on General Revenue	Unknown	Unknown	Unknown

*Oversight assumes the above fiscal impact could exceed \$250,000.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☒ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§166.435 - Subtraction to the Missouri Education Program

Officials from the **Department of Revenue (DOR)** note this proposal modifies the subtraction to the Missouri education program, otherwise known as a 529 plan. Currently the subtraction applies to any contribution made to any 529 plan regardless of whether the plan is a Missouri 529 plan or a non-Missouri 529 plan. This proposal would no longer allow the subtraction for contributions to non-Missouri plans. This proposal would require DOR to modify the department's forms (\$2,200) and its computer program (\$7,547) for this change.

DOR notes that removing a subtraction could result in increased revenue to the state. DOR was not able to determine the number of contributions claimed from Missouri and non-Missouri 529 plans but assume this has the potential to increase revenue by at least \$250,000 annually.

Oversight assumes the Department of Revenue is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the form and computer program costs related to this proposal. If multiple bills pass, DOR could request funding through the appropriation process.

Oversight notes under current law, taxpayers can subtract contributions made to qualifying 529 plans from their gross income. This proposal modifies the subtraction to only include Missouri 529 plans. Oversight assumes this proposal will decrease the amount of revenue eligible for the subtraction, therefore resulting in savings to general revenue.

Oversight is unable to determine the number of contributions and subsequent subtractions of income are made from non-Missouri 529 plans. Therefore, Oversight will reflect an unknown positive fiscal impact to general revenue. Oversight assumes this impact could exceed \$250,000.

<u>FISCAL IMPACT – State Government</u>	<u>FY 2027 (10 Mo.)</u>	<u>FY 2028</u>	<u>FY 2029</u>
GENERAL REVENUE			
<u>Savings</u> – (§166.435) Modification of MO 529 Plan subtractions p.3	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

No direct fiscal impact on small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Currently contributions to any section 529 qualified tuition program are exempt from state tax.

Under this bill, annual contributions made only to the Missouri Higher Education Deposit Program under Section 166.500, RSMo, or the Missouri Education Program established under Sections 166.400 to 166.455, or both, can be subtracted for determining the Missouri adjusted gross income, up to \$8,000 per taxpayer, and up to \$16,000 for married individuals filing a joint tax return.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue



Julie Morff
Director
January 20, 2026



Jessica Harris
Assistant Director
January 20, 2026