

SECOND REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 2116
103RD GENERAL ASSEMBLY

4309H.02C

JOSEPH ENGLER, Chief Clerk

AN ACT

To repeal section 166.435, RSMo, and to enact in lieu thereof one new section relating to contributions to qualified tuition programs.

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Section A. Section 166.435, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 166.435, to read as follows: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 program held by the board, the assets of any deposit program authorized in section 166.500, and the assets of any qualified tuition program established pursuant to Section 529 of the Internal Revenue Code and any income therefrom shall be exempt from all taxation by the state or any of its political subdivisions. Income earned or received from the program, deposit, or other qualified tuition programs established under Section 529 of the Internal Revenue Code, or refunds of qualified education expenses received by a beneficiary from an eligible educational institution in connection with withdrawal from enrollment at such institution which are contributed within sixty days of withdrawal to a qualified tuition program of which such individual is a beneficiary shall not be subject to state income tax imposed pursuant to chapter 143 and shall be eligible for any benefits provided in accordance with Section 529 of the Internal Revenue Code. The exemption from taxation pursuant to this section shall apply only to assets and income maintained, accrued, or expended pursuant to the requirements of the program established pursuant to sections 166.400 to 166.455, the deposit program established pursuant to sections 166.500 to 166.529, and other qualified tuition programs established under Section 529 of the Internal Revenue Code, and no exemption shall apply to assets and income expended for any other purposes. Annual contributions made **only** to ~~[program held by the board, the] deposit program[, and any qualified tuition]~~ **or the Missouri**

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.

19 **education** program established under [~~Section 529 of the Internal Revenue Code~~] **sections**
20 **166.400 to 166.455, or both**, up to and including eight thousand dollars per taxpayer, and up
21 to sixteen thousand dollars for married individuals filing a joint tax return, shall be subtracted
22 in determining Missouri adjusted gross income pursuant to section 143.121; **provided,**
23 **however, that for any tax year beginning on or after January 1, 2027, no individual shall**
24 **be allowed such subtraction for contribution made to a qualified tuition program not**
25 **established under sections 166.400 to 166.455, or both, unless the individual has claimed**
26 **a subtraction under this subsection for a contribution made to any qualified tuition**
27 **program prior to December 31, 2026. Individuals who have claimed such a subtraction**
28 **prior to December 31, 2026, may continue to claim the subtraction in subsequent tax**
29 **years, subject to the limitations of this subsection.**

30 2. If any deductible contributions to or earnings from any such program referred to in
31 this section are distributed and not used to pay qualified education expenses, not transferred
32 as allowed by 26 U.S.C. Section 529(c)(3)(C)(i), as amended, and any Internal Revenue
33 Service regulations or guidance issued in relation thereto, or are not held for the minimum
34 length of time established by the appropriate Missouri board, then the amount so distributed
35 shall be included in the Missouri adjusted gross income of the participant, or, if the participant
36 is not living, the beneficiary.

37 3. The provisions of this section shall apply to tax years beginning on or after January
38 1, 2008, and the provisions of this section with regard to sections 166.500 to 166.529 shall
39 apply to tax years beginning on or after January 1, 2004.

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