



Colorado *Legislative Council Staff Fiscal Note*
STATE
FISCAL IMPACT

Drafting Number: LLS 10-0432
Prime Sponsor(s): Rep. Kerr A.

Date: January 22, 2010
Bill Status: House Education
Fiscal Analyst: Ron Kirk (303-866-4785)

TITLE: CONCERNING DIRECTION TO COLLEGEINVEST TO PROMOTE THE USE OF COLLEGE SAVINGS PLANS FOR ADULTS TO SAVE IN PURSUIT OF THEIR OWN POSTSECONDARY EDUCATIONAL OPPORTUNITIES.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue General Fund	(up to \$10,649)	(up to \$26,623)
State Expenditures		
FTE Position Change		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2010-2011: None required.		
Local Government Impact: None.		

Summary of Legislation

This bill directs CollegeInvest to promote and encourage the use of 529 savings plans by adults already in the workforce (lifelong learners) to further their own postsecondary education goals. The bill also requires that CollegeInvest develop procedures to allow an employer to make a matching contribution to a lifelong learner's account for any contribution made by the lifelong learner.

State Revenue

State revenue will decrease up to \$10,649 in FY 2010-11 and up to \$26,623 in FY 2011-12.

Background. Under current law, adults that contribute or make payments to CollegeInvest 529 plans can claim a state income tax deduction as long as the contributions are included in their federal taxable income. **This bill does not expand, change, or modify the existing state income tax deduction for payments or contributions made to CollegeInvest 529 plans.** However, the change in the ability of employers to make matching contributions to lifelong learner accounts will make it likely that more individuals will claim the state income tax deduction and thus, result in a decrease in state income tax revenue.

For purposes of this deduction, a qualified state tuition program is a 529 Colorado Savings Plan administered by CollegeInvest and includes the Direct Portfolio College Savings Plan, Scholars Choice College Savings Program, Stable Value Plus College Savings Plan, and Prepaid Tuition Fund.

Given the new marketing efforts, the number of lifelong learner accounts is expected to increase by up to 100 new accounts in FY 2010-11 and up to 250 in FY 2011-12. The average annual contribution from lifelong adult learners to these plans will be about \$2,300 per year, or about \$192 per month. Thus, assuming a full year of contributions to these plans, 100 new lifelong learner accounts would decrease state revenue by \$10,649 in FY 2010-11; 250 new accounts would decrease revenue by \$26,623 in FY 2011-12.

State Expenditures

No additional expenditures will be incurred to implement the provisions of this bill because CollegeInvest is already marketing 529 plans to lifelong learners. CollegeInvest does not receive appropriations from the General Assembly and indicated that any costs for implementing this bill are absorbed by 529 plan participants.

Departments Contacted

Higher Education

Revenue

Treasury