



RESOLUTION

Preserving the current tax treatment of Section 529 Qualified Tuition Programs

WHEREAS, in 1996, after years of litigation and work with Congress regarding the tax status of state-sponsored college savings plans, Congress created I.R.C. § 529 as part of the Small Business Job Protection Act, formally recognizing qualified tuition programs (prepaid and savings), paving the way for growth; and

WHEREAS, in 2001, as part of the Economic Growth and Tax Relief Reconciliation Act (EGTRRA), Congress exempted the earnings on Section 529 Qualified Tuition Program (529 Plan) accounts from federal taxes when used to pay qualified higher education expenses of the beneficiary; and

WHEREAS, in 2006, as part of the Pension Protection Act, Congress repealed the 2010 sunset of the federal tax exemption for 529 Plans, thereby providing permanency for the tax exemption on earnings; and

WHEREAS, in 2015, Congress acted in strong bipartisan fashion to preserve the tax treatment in response to the Administration's proposal to scale it back and later passed HR529/S335 as part of the PATH Act, further strengthening its support of 529 plans and providing families with improved opportunities to save for the cost of higher education; and

WHEREAS, the "tax-free" treatment of 529 Program earnings has encouraged record numbers of Americans to start saving for the higher education expenses of their children, grandchildren and others, accumulating assets in these programs nationwide that have grown from \$26.9 billion in 1.4 million accounts (2002) to more than \$311 billion in 13.8 million accounts at the end of 2018; and

WHEREAS, by encouraging savings and decreasing reliance on debt, and through the financial education and empowerment, scholarship and matching grant initiatives of 529 programs, higher education access and affordability is increased for lower and moderate-income families; and

WHEREAS, 529 Programs promote the critical public policy goal of encouraging families to plan and save for higher education expenses, enabling families to rely on their own resources to pay the rapidly-increasing expenses of a higher education, and reducing reliance on student loan debt.

NOW, THEREFORE BE IT RESOLVED, that the National Association of State Treasurers and its affiliate, the College Savings Plans Network, will continue to work with the President and Congress of the United States to strengthen Section 529 college savings plans and opposes any legislative or regulatory measures to limit or repeal the current tax treatment of 529 Plans.

Approved in 2013. Amended and renewed in 2016 and 2019.