



# NATIONAL ASSOCIATION OF STATE TREASURERS



## The Leading Voice For Excellence In Public Finance

The National Association of State Treasurers (NAST) serves as the nation's foremost authority for responsible state treasury programs and related financial practices, policies, and education.



### NAST members lead in the following areas:

- | 529 College Savings Plans
- | Achieving a Better Life Experience (ABLE) Savings Programs for People with Disabilities
- | Personal Financial Education and Empowerment
- | Tax Exempt Municipal Bonds and State Debt Management to Support Critical Infrastructure Financing
- | Local Government Investment Pools (LGIPs)
- | Retirement Security, Pension and Trust Administration
- | State Banking, Investment, and Cash Management
- | Unclaimed Property Programs - returning money, stocks, bonds, utility deposits, etc. to individuals who may have moved, lost a check, or forgotten about a bank account.

## BUILDING AND FINANCING OUR CRITICAL INFRASTRUCTURE

### Support tax-exempt municipal bonds and infrastructure investment

For more than 100 years, tax-exempt bonds have been the primary financing tool for critical state and local infrastructure projects like the roads, bridges, rails and pipes we use every day. In fact, the savings generated by the tax exemption help state and local governments finance the majority of the nation's infrastructure network that they build and maintain.

State and local governments continue to provide the largest share of capital investment with an annual average issuance of \$391 billion in bonds over the last decade<sup>1</sup>. Proposals to eliminate or reduce the tax exemption on municipal bonds or place unnecessary and costly reporting requirements on debt issuers would pass even more of the nation's infrastructure costs on to state governments and our shared constituencies.

Prior to 2018, state governments were able to issue tax-exempt advance refunding bonds that allowed them to refinance outstanding debt, achieve lower interest rates, and use cost savings to finance additional infrastructure improvements. Restoring the tax-exemption on advance refunding bonds remains a top priority for the nation's State Treasurers.

Additionally, in 2022, Congress passed the Financial Data Transparency Act (FDTA) requiring the development of new bond debt reporting requirements for all state and local governments. While the full breadth of the requirements will not be known for several more years, they will ultimately require public agencies to submit financial reports in a new structured data format. This requirement will place a new and costly unfunded mandate on all public agencies while producing no new financial information for public consumption and potentially reducing government transparency. State Treasurers oppose wasting taxpayer dollars on unnecessary unfunded mandates.



### NAST CALLS ON CONGRESS TO

- Reject proposals to eliminate or reduce the tax-exemption on municipal bonds.
- Permit states to refinance bonds and achieve critical cost savings by restoring tax-exempt advance refunding bonds.
- Eliminate the unfunded mandate on public agencies contained in the Financial Data Transparency Act of 2022.

## HELPING TO REUNITE OWNERS WITH THEIR UNCLAIMED PROPERTY

### Support state unclaimed property administrators

The purpose of state unclaimed property laws are to protect the public by ensuring money and property owed to them is returned, rather than remaining permanently with financial institutions, businesses, and other entities. Each year, State Treasuries and Unclaimed Property Administrators help reunite residents with over \$5 billion worth of their missing property, from uncashed paychecks to lost refunds and account balances.

The U.S. Treasury is currently holding nearly \$39 billion in unclaimed savings bond proceeds. NAST advocates for the transfer of Unclaimed Savings Bonds records and funds to states to help citizens find and claim their unclaimed property easily and securely. NAST has responded to Treasury's proposed regulations on record transfers to request a more robust state role in the process to reunite these unclaimed proceeds with their rightful owners.



### NAST CALLS ON CONGRESS TO

- Help state unclaimed property administrators obtain title and owner records to matured, unredeemed U.S. savings bonds so they can use their proven track record to reunite nearly \$39 billion on bond proceeds with their rightful owners.

<sup>1</sup> MSRB, Municipal Securities: Financing the Nation's Infrastructure.(2017)

## EXPANDING ACCESS AND AFFORDABILITY OF COLLEGE AND EDUCATION SAVINGS

### Support 529 College Savings Plans

State Treasurers and 529 college savings plan administrators play a major role in helping families save for college and other education opportunities. With more than 16.25 million open accounts, over \$450 billion saved, and an average account over \$27,000, 529 plans are the most important education savings tool for families<sup>2</sup>. Research shows that children with a college savings account in their name are six to seven times more likely to attend a four-year college, compared with similar children with no dedicated account<sup>3</sup>.

Congressional support of 529 plans and efforts to enhance 529 savings programs have greatly benefited account holders saving for and paying for post-secondary education. However, the program would benefit from additional changes to address the current treatment of 529 savings accounts in the federal financial aid methodology, which the overwhelming majority of plan administrators cite as the top obstacle to American families opening accounts and utilizing 529 plans.

### NAST CALLS ON CONGRESS TO

- Expand the use of a 529 account through legislation to include expenses associated with recognized postsecondary credential programs under the Workforce Innovation and Opportunity Act. These programs provide the basis for developing competencies in many of the technical skills and jobs that employers find increasingly difficult to fill.
- Exempt assets in 529 accounts held for the benefit of a student from being treated as a 'parental asset' in determining a family's expected contribution in the FAFSA.
- Include contributions to Section 529 qualified tuition programs to the list of deferrals or contributions that qualify for the Saver's Credit.
- Develop tax incentives that promote employer contributions to the 529 plan of employees.



## PROVIDING OPPORTUNITIES FOR INDIVIDUALS WITH DISABILITIES

### Support Achieving a Better Life Experience (ABLE) Accounts

Achieving a Better Life Experience (ABLE) accounts allow individuals with disabilities and their families to establish tax-advantaged savings and investments. ABLE accounts ease financial strains by making withdrawals tax-free when used to cover qualified expenses, such as medical and dental care, education, housing, and transportation.

Since the passage of the ABLE Act in December 2014, 46 states and DC have launched ABLE programs. More than 158,000 accounts have been opened and over \$1.55 billion has been saved in ABLE accounts, as reported by the ABLE Savings Plans Network as of September 30, 2023.

While Congress has already made several improvements to the ABLE Act, it would further benefit from additional enhancements. These additional changes would have minimal cost to the federal government but would greatly benefit those with ABLE accounts.

### NAST CALLS ON CONGRESS TO

- Make all of the following policies included in the Tax Cuts and Jobs Act, and scheduled to sunset in 2025, a part of permanent legislation: ABLE to Work Contributions, Saver's Credit for ABLE, and 529-to-ABLE rollovers.
- Exempt ABLE accounts and balances from Medicaid recovery.
- Make ABLE programs more useful by increasing savings limits.
- Allow employers to contribute to an employee's ABLE account in lieu of contributions to an employer-sponsored retirement plan and exempt these contributions from benefits income-counting rules.

<sup>2</sup> According to CSPN data as of June 30, 2023

<sup>3</sup> The Role of Savings and Wealth in Reducing 'Wilt' between Expectations and College Attendance. Subsequently published as: Elliott, W. and Beverly, S. (2011). The role of savings and wealth in reducing 'wilt' between expectations and college attendance. *Journal of Children & Poverty*, 17(2), 165-185. William Elliott III University of Pittsburgh, School of Social Work Sondra Beverly, Center for Social Development. 2010

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### ABLE Savings Plans Network (ASPN)

The ABLE Savings Plans Network (ASPN) provides strategic leadership on advancing ABLE accounts by monitoring federal legislative and regulatory actions that impact state ABLE plans. Additionally, the Network focuses on developing strategies to improve ABLE plans at the federal level, and analyzing program administration and best practices for those with an eligible disability who want to save and invest for a better life, achieve financial empowerment, and prepare for a more independent future.

[ABLEtoday.org](http://ABLEtoday.org)



### College Savings Plans Network (CSPN)

The College Savings Plans Network (CSPN) is a leading objective source of information about Section 529 college savings plans and prepaid tuition plans – popular, convenient, and tax-advantaged ways to save for college. CSPN brings together state officials who administer 529 savings and prepaid plans from across the country, as well as their private-sector partners, to offer convenient tools and objective, unbiased information to help families make informed decisions about saving for higher education.

[CollegeSavings.org](http://CollegeSavings.org)



### National Association of Unclaimed Property Administrators (NAUPA)

NAUPA is the foremost authority on unclaimed property and the affirmed leader of the coalition of states, administrators, and holders working together to reunite rightful owners with their property. The purpose of the association is to promote and strengthen unclaimed property administration and interstate cooperation in order to enhance states' return of unclaimed property to rightful owners and provide a forum for the open exchange of information and ideas.

[Unclaimed.org](http://Unclaimed.org)



### State Debt Management Network (SDMN)

The State Debt Management Network represents state officials involved in the issuance, management, and oversight of public debt. SDMN provides assistance, shares information, promotes professional relationships, and provides educational development opportunities to its members.

[SDMN.org](http://SDMN.org)

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