

## **SCR25, As Adopted by Senate, December 5, 2017**

Senator Colbeck offered the following concurrent resolution:

### **Senate Concurrent Resolution No. 25.**

A concurrent resolution to memorialize the Congress of the United States to expand federal tax exemptions and contribution limits for state-sponsored education savings accounts and to allow federal education funding to be deposited into student-specific education savings accounts.

Whereas, Tax-advantaged education savings accounts are crucial components to making secondary and postsecondary education affordable. The federal government offers tax incentives for state-sponsored 529 college savings plans that make it easier to save for college and other postsecondary training for a designated beneficiary. Individuals are also able to save for education expenses in tax-advantaged Coverdell Education Savings Accounts (ESAs). Like 529 plans, Coverdell ESAs offer tax-free investment growth and tax-free withdrawals when the funds are spent on qualified education expenses. However, in addition to college expenses, certain K-12 purchases are also considered qualified expenses when using a Coverdell ESA; and

Whereas, The federal tax code limits the benefits of education savings accounts. Contributions to 529 plans and Coverdell ESAs cannot be deducted from a tax filer's federal taxable income. Moreover, the total contribution to a beneficiary's Coverdell ESA is limited to \$2,000 annually; and

Whereas, The Michigan Education Savings Program (MESP) is a state-sponsored, tax-advantaged 529 college savings plan that helps families and individuals plan for the cost of higher education; and

Whereas, Legislation in the state of Michigan to create the Enhanced Michigan Education Savings Program (E-MESP) would go beyond the higher education scope of current MESP plans to include K-12 and lifelong education pursuits. Interest on balance, qualified withdrawals, and contributions up to \$5,000 for single filers and \$10,000 for joint filers would be exempt from the Michigan income tax. Under the federal tax system, contributions to the E-MESP would continue to be subject to federal income taxes; now, therefore, be it further

Resolved by the Senate (the House of Representatives concurring), That we memorialize the Congress of the United States to expand federal tax exemptions for state-sponsored education savings accounts to cover contributions to those accounts and to allow them to be used for K-12 educational expenses; and be it further

Resolved, That we urge Congress to increase the annual contribution limits of Coverdell ESAs to align with the tax-exempt contribution limits found in the Enhanced Michigan Education Savings Program; and be it further

Resolved, That we urge Congress to allow federal education funding to be deposited into qualified student-specific education savings accounts; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Michigan congressional delegation.