

## **Taxation; Savings Accounts; HB 2067**

**HB 2067** amends Kansas law related to savings accounts established for designated beneficiaries to pay for qualified disability expenses pursuant to sections 529 and 529A of the Internal Revenue Code of 1986.

The bill allows the proceeds from such an account established pursuant to section 529A to be transferred upon the death of a designated beneficiary to such beneficiary's estate or an account for another eligible individual specified by the designated beneficiary. The bill also disallows the State, or any agency or instrumentality thereof, from seeking the proceeds from such an account, except when such action is otherwise required by the federal Social Security Act. Current law allows the Kansas Medicaid plan to seek such proceeds following the death of a beneficiary for benefits provided to the beneficiary.

The bill also extends a subtraction modification for purposes of Kansas individual income taxes to contributions made to a qualified savings account established pursuant to section 529A. Continuing law allows for such modifications for contributions to savings accounts established pursuant to section 529. The cumulative amount of the subtraction modification remains at \$3,000 (or \$6,000 for a married couple filing a joint return) per year for each designated beneficiary.

Finally, the bill eliminates a requirement that expenditures made from a savings account established pursuant to section 529 must be used at an institution of postsecondary education in order for a taxpayer making contributions to such an account to be able to claim the subtraction modification.