

Implementing Texas Save and Match higher education savings plan

SB 1760 by Watson (Branch)

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DIGEST:

SB 1760 would have required the Prepaid Higher Education Tuition Board to develop and implement the Texas Save and Match Program. The board would have been required to develop a formula based on adjusted annual household income to match money paid by purchasers under a prepaid tuition contract under the Prepaid Higher Education Tuition program, the Texas Tomorrow Fund II, or a savings trust account, with matching contributions or a matching purchase of tuition units, using money appropriated by the Legislature and other contributions. To be eligible, beneficiaries would have had to be Texas residents or dependents of Texas residents, be younger than 7 years old, and have an annual household income of not more than 400 percent of the federal poverty level.

The bill would have limited participation in the program to five years, either consecutive or nonconsecutive. Contributions or purchases in excess of \$500 per calendar year would not have been eligible for a match under the program. Money or tuition units would not have been available as income for purposes of determining eligibility for a TEXAS grant or other state-funded student financial aid. Assets in the prepaid tuition programs and higher education savings plan would have been excluded for purposes of determining family income for determining eligibility for the state's child health plan, financial assistance, or medical assistance.

The program would have been an eligible charitable organization entitled to participate in the state employee charitable campaign. The board would have been authorized to establish pilot projects in an effort to increase participation in the plan.

GOVERNOR'S REASON FOR VETO:

“Senate Bill No. 1760 would require the Texas Prepaid Higher Education Tuition Board to develop and implement the Texas Save and Match Program to assist qualifying beneficiaries who open a higher education savings plan (529 Plan) or purchase a prepaid tuition contract (Texas Tuition Promise Fund).

“During the 80th Legislative Session, the Prepaid Higher Education Tuition Board was authorized to establish a Save and Match Program as part of the Texas Tuition Promise Fund. Earlier this year, the comptroller's office established a 501(c)(3) foundation to receive tax-deductible donations for the program based on the enabling legislation.

“While I fully support this program, the legislation has an inadvertent drafting error that would no longer allow individuals to make tax-deductible donations to the foundation. My office will continue to work with the comptroller over the interim to draft new legislation to be considered by the 82nd Legislature.”

RESPONSE: Neither **Sen. Kirk Watson**, the bill's author, nor **Rep. Dan Branch**, the House sponsor, had a comment on the veto.

NOTES: SB 1760 passed the House on the Local, Consent, and Resolutions Calendar and was not analyzed in a *Daily Floor Report*.