



900 SW JACKSON ST., STE 201
TOPEKA KS 66612-1235

Steven Johnson
KANSAS STATE TREASURER

PHONE: 785-296-3171
FAX: 785-296-7950

PROPONENT TESTIMONY ON SENATE BILL 360
Extending the contribution deadline for 529, 529A and First-Time Home Buyer Savings
Accounts and establishing the Treasurer's Advisory Committee for the Kansas Learning Quest
529 Savings Program

Presented to the House Committee on Education
By Kansas State Treasurer Steven Johnson

February 29, 2024

Chair Thomas and Members of the Committee:

Thank you for your consideration of Senate Bill 360. This bill has two policy objectives aimed at strengthening the savings programs administered by my office.

The first provision, contained in section 1 of the bill would codify the Treasurer's Advisory Committee (TAC) for the Kansas Learning Quest 529 program. This committee has existed for many years, and is composed of individuals who are in the investment industry, many of whom are themselves 529 account owners, or have previously had 529 accounts for their children or grandchildren. Before running for Treasurer, I served on the TAC. In my first year in office, I made it a priority to reinvigorate it. We have established a regular meeting schedule, and the members of the TAC are very active in providing oversight and discussing improvements that can be made for the account owners and beneficiaries who are saving for college or other career-training programs.

One of the criteria the ratings agencies look at when evaluating 529 programs is the appropriate levels of oversight. In our review last year, we were recognized for having strengthened the oversight of the program. We believe that codifying the TAC would ensure that oversight will continue, and best support whoever is serving in this office in the future.

The second piece of this bill would extend the contribution deadlines for 529 accounts, 529A (ABLE) accounts, and First-Time Home Buyer Savings Accounts to align with the tax filing deadline, instead of the calendar year. Currently, you can make prior-year contributions to other types of tax-advantaged accounts, such as Roth and Traditional IRAs through the tax filing deadline and elect to have those contributions count toward the prior year. We believe aligning the contribution deadlines for these other types of accounts will encourage more people to contribute when they are working through their tax preparation and see these programs as additional ways they can lower their state tax liabilities. Currently, six states – Georgia, Iowa, Mississippi, Oklahoma, South Carolina and Wisconsin – allow prior year contributions to be made until the tax-filing deadline.

The bill as drafted would be retroactive to the 2023 tax year. We would request your consideration to move this bill expediently so that as Kansans are preparing and filing their taxes in the next few weeks, they will have the ability to make additional 2023 contributions and receive that tax deduction. I believe this would be a great way to provide Kansans with some tax relief and encourage further planning through these programs.

Thank you again for your consideration of this bill.

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