



COLORADO CATHOLIC CONFERENCE

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2021 April 7

Thank you, Madame Chair, and thank you members of the committee.

My name is Brittany Vessely and I am the Executive Director of the Colorado Catholic Conference (CCC), which is the united voice of the four Catholic bishops of Colorado in public policy. I speak on behalf of the conference this afternoon to testify **in support of HB 1210**.

In the 2017 Tax Cuts and Jobs Act, federal lawmakers gave parents more flexibility with their own savings for their children's education by allowing families who save money for college using 529 college savings plans to apply *some* of those savings to also pay for K–12 private school tuition. However, in order for parents to do this, many states must revise their own statutes to make clear that 529 accounts may be used for any expenses authorized by *all sections* of 529.

As of today, 38 states allow federal tax law to be applied to 529 plan usage for K-12 education. However, Colorado is one of the 12 states that **have not** given parents the choice in their child's education with this easy fix to state code. Under current Colorado law for 529 accounts, if parents used their private 529 funds toward private school tuition, it would be considered a non-qualified withdrawal subject to recapture of tax, penalty, and interest. Whether families are able to use 529 savings plans to pay for K–12 expenses should be a decision for parents and students.

However, HB 1210 offers an innovative compromised solution that **does not** change Colorado code and **does not** give families a state deduction, but **does** allow families to enjoy all the federal tax benefits of the 529 structure while also being able to pay for their child's K-12 tuition. This is a win-win solution!

HB 1210 allows for contributions to a **FLEX savings account** to be used for K-12 tuition and related education expenses, including fees, books, supplies, and equipment required for the participation of a designated educational or apprenticeship program. HB 1210 specifies that distributions from these FLEX savings accounts **are not** counted as federal or state taxable income and that contributions to FLEX savings program accounts for qualified elementary or secondary tuition expenses **cannot** be deducted from state taxable income. But what makes HB 1210 particularly innovative is that it allows for up to \$10,000 in private 529 savings accounts to be transferred to FLEX savings accounts, which still gives parents some relief and choice in their children's education options.

Every child is unique and has unique learning needs. There is no one-size-fits-all when it comes to a child's education. It is an injustice in our education system that the only parents who are able to choose the best schooling options for their children are parents with the financial means to pay out of pocket or move to a new zip-code. HB 1210's Flex Savings Accounts promote equity in education by giving all families an opportunity to save and pay for the best education option for their children, in both higher education and K-12.

We respectfully ask for a "YES" vote on HB 1210. Thank you for your time.

Sincerely,

Brittany Vessely
Executive Director, Colorado Catholic Conference



HB21-1210
Jason Rohlfing to: Nina.Forbes

03/23/2021 04:31 PM

Hello Nina,

I wanted to express feedback regarding HB21-1210. I do not support this bill for a few reasons;

- 1) It does not help families with child care or preschool expenses.
- 2) The focus seems intended to help families attending private school.
- 3) Most importantly, this bill muddy's the water related to 529 plans. The rules are different and the benefits are confusing.

Thanks,
Jason Rohlfing
2756 Paw Print Way
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Written Testimony Submission
Colorado Chapter, National Association of Insurance and Financial Advisors (NAIFA)
HB21-1210
Modifications to Qualified State Tuition Programs

NAIFA is the National Association of Insurance and Financial Advisors. The association has been in existence since 1890. Our stated mission is to advocate for a positive legislative and regulatory environment, enhance business and professional skills, and promote the ethical conduct of our members, with the vision to protect and promote the critical role of insurance in a sound financial plan, and the essential role provided by our professional agents and financial advisors and planners. This testimony is offered to the committee by the Colorado Chapter of NAIFA with regards to HB - 1210 in support / amend position to include clarifications for apprenticeship programs for 529 plans used in the State of Colorado.

NAIFA members are licensed insurance and/or securities professionals. Most members own and operate their own small business, in most cases. Our members work with various clients in each of Colorado's state legislative districts. Key to our roles as agents, advisors and planners is the focus of individuals and families related to planning for educational opportunities. At these critical client meetings, we help provide guidance and tools to provide funds to be used for educational pursuits using 529 plans.

We support qualifying the federal distributions allowed under 529 plans, including the use of 529 plans for elementary and secondary tuition and tuition and books for apprenticeship programs.

Funding used for work force and trade craft apprenticeship higher education is becoming a growing need in our own state and nationally. In Colorado, having the option to use funds from 529 plans to cover the cost, fees, tuition, and loans for these education options will allow for greater help in paying for and creating a greater self-reliant work force.

We are providing written testimony in support of HB21-1210 and seek clarifications for apprenticeship programs to be added as a benefit to 529 plans at the state level in Colorado.

Respectfully submitted,

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