



**State of Arkansas
Department of Finance and Administration
Fiscal Impact Statement**

Bill: SB422

Bill Subtitle: TO ALLOW NONPROFIT ORGANIZATIONS TO CONTRIBUTE TO A NEW OR EXISTING ARKANSAS BRIGHTER FUTURE FUND PLAN ACCOUNT; AND TO REQUIRE THE TREASURER OF STATE TO FACILITATE CONTRIBUTIONS BY A NONPROFIT ORGANIZATION.

Sponsors:

Sen. Tucker and Rep. K. Brown

Basic Change:

SB422 amends the Arkansas Brighter Future Fund Plan Act to allow a nonprofit organization to contribute to a qualifying account.

The Arkansas Brighter Future Fund Plan Act allows for the creation of accounts for the purpose of saving for certain education-related costs. A taxpayer making a contribution to an account created under the Act is eligible for certain tax advantages. Under current law, an eligible individual can open or make contributions to a qualifying account created under the Act. SB422 amends the Act to allow a nonprofit organization to open or make contributions to a qualifying account.

A "nonprofit organization" is defined as a charitable organization exempt from taxation under 26 U.S.C. § 501(c)(3). SB422 allows a nonprofit organization to open an account for either a designated beneficiary or an identifiable group of beneficiaries, provided that the parent or guardian of a designated beneficiary is given an opportunity to voluntarily decline the account and any contributions.

SB422 also requires the Treasurer of State to establish a system or procedure to obtain certain required information, including the Social Security number and date of birth, of a designated beneficiary or account owner.

Fiscal Impact:

None.

Taxpayer Impact:

A nonprofit organization, as a § 501(c)(3) entity, would be authorized to contribute to a 529 account for a the benefit of a beneficiary. The parents or guardians of a beneficiary can opt out of accounts established for their children and maintain control over participation in a 529 plan.

Resources Required:

None.

Time Required:

Adequate time is provided for implementation.



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Procedural Changes:

Department employees will need to be educated as well as the tax community.

Other Comments:

None.

Legal Analysis:

None.