



April 27, 2016

The Honorable Brian S. Dempsey  
Chair, House Committee on Ways and Means  
State House, Room 243  
Boston, MA 02133

Dear Chairman Dempsey:

As you review the many legislative initiatives referred to the House Committee on Ways and Means, we write to strongly urge you to advance legislation that would give Massachusetts families an important tax incentive to start saving for college. The bill (S.1468), which received a unanimous favorable report from the Revenue Committee, would create a state tax deduction for contributions made to 529 college savings plans, including the Massachusetts UFund and UPlan. By passing this bill, the Legislature would give middle income Massachusetts families a vital new tool in helping them to save and pay for college.

This legislation builds on the recommendations of two recent legislative commissions. Moreover, as representatives of employers found in virtually all sectors of the Commonwealth's economy, we believe this bill provides tens of thousands of our employees with much needed assistance in meeting the challenge of paying for a college education. The Commonwealth is known worldwide as the hub of higher education, and a highly educated workforce is the lifeblood of our state's knowledge-based economy. Incentivizing the Commonwealth's families to invest in college savings plans not only provides a practical plan for savings, it sends the aspirational message that a college education is achievable. A few additional points help to illustrate why this legislation is so important:

- Thirty-four states (including all the New England states with an income tax) already have adopted similar tax deductions to incentivize contributions to college savings plans, making Massachusetts one of only eight states (with an income tax) that does not offer such a tax incentive;
- A child with any amount saved for college is **6 to 7 times more likely** to attend a 4-year college than a child with no savings;
- More than 72% of families nationwide which have opened 529 accounts have an average income of less than \$150,000/yr.;
- States that instituted a 529 tax deduction saw immediate, significant, and sustained increases in the number of accounts opened and the amounts contributed to those accounts; and
- The legislation enjoys broad public support, as a recent MassInsight poll found that 76% of respondents would support a tax deduction for contributions to college savings plans.

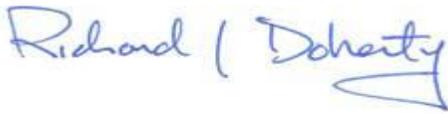
Further, it is critical to note that the bill, as redrafted by the Revenue Committee, now is essentially revenue neutral. The Department of Revenue has confirmed that the savings realized by limiting an existing college tuition tax deduction<sup>1</sup> to Massachusetts residents would cover a significant portion of the costs to implement a 529 tax deduction. This proposal will help all middle-class families, regardless of whether they choose to attend a public or private college. Every dollar invested in a 529 account is one less dollar that a family must borrow to pay for college – which directly attacks the issue of student debt – and one more dollar that will be available to be invested back in the Massachusetts economy after graduation.

Finally, it is important to recognize that over time this proposal will bring significant private dollars to help pay for the public good of higher education, thereby relieving, in part, the state’s future funding responsibility. It would also put the Commonwealth – and its students and families – on equal footing with states throughout New England and the Northeast which already have a state income tax deduction for 529 contributions.

Establishing this middle class tax incentive for Massachusetts families would provide a meaningful and tangible tool to help them navigate the challenges of paying for college. We strongly urge you and your colleagues on the House Committee on Ways and Means to advance this legislation as part of the economic development legislation that will be debated by the full House later this spring.

Thank you for your attention and thoughtful consideration of this matter.

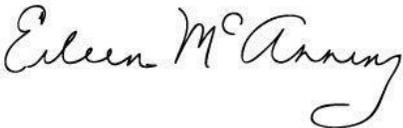
Sincerely yours,



Richard Doherty  
AICUM



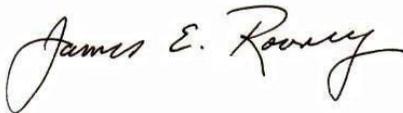
Peter Forman  
South Shore Chamber of Commerce



Eileen McAnneny  
Massachusetts Taxpayers Foundation



Jeffrey Ciuffreda  
Springfield Regional Chamber



James E. Rooney  
Greater Boston Chamber of Commerce



JD Chesloff  
Massachusetts Business Roundtable



Christopher Anderson  
Massachusetts High Technology Council

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<sup>1</sup> See MGL c.62, § 3(B)(a)(1)

Cc: The Honorable Robert A. DeLeo  
Speaker of the Massachusetts House of Representatives

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