



CollegeSavings
FOUNDATION

January 30, 2006

The Honorable Steve Huffman
Chairman, House Ways and Means Committee
Arizona House of Representatives
Capitol Complex
1700 West Washington Street
Phoenix, Arizona 85007-2890

Re: Support of Arizona House Bill 2280, as amended

Dear Chairman Huffman:

On behalf of the College Savings Foundation (“CSF”), a not-for-profit organization with the mission of helping American families achieve their education savings goals by working with public policy makers, media representatives and financial services industry executives in support of education savings programs, I wish to extend CSF’s strong support for amended HB 2280, which would provide Arizona residents a state tax deduction for contributions to any qualified 529 plan.

As you know, 529 plans are considered an attractive way for families to save for college. A major benefit of these plans to Arizona residents is that residents can make after-tax contributions to 529 plans, have earnings grow tax free, and take tax-favored withdrawals for qualified higher education expenses.

We applaud your interest in encouraging savings for college. The attractive federal tax characteristics of 529 plans combined with the state tax deduction for residents who contribute to any qualified 529 plan will result in broader use of 529 plans and an overall increase in education savings. This increased savings will lead to more Arizona residents being able to afford college, which will in turn produce a more highly educated and skilled constituency.

The College Board in its latest report “Education Pays: The Benefits of Higher Education for Individuals and Society” documented many of the individual and societal benefits generated by higher education. According to the report, college graduates will earn an average of about \$1 million more than their counterparts with a high school diploma over the course of their careers. With a better-educated and more affluent constituency, Arizona will realize higher income tax revenues and will attract more companies requiring skilled employees.

CSF strongly urges the House Ways and Means Committee to support amended HB 2280. Please feel free to contact me through our national headquarter office in Washington, DC at (202) 223-2631, if you need additional information.

Sincerely,

A handwritten signature in black ink that reads "Kevin L. McMullen". The signature is written in a cursive style with a large, stylized "K" and "M".

Kevin L. McMullen
Chair, Government Affairs Committee