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SECOND SUBSTITUTE SENATE BILL 6601

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State of Washington                      64th Legislature                      2016 Regular Session

By Senate Ways & Means (originally sponsored by Senators Frockt, Bailey, Braun, Mullet, Carlyle, and McAuliffe)

READ FIRST TIME 02/09/16.

1            AN ACT Relating to creating the Washington college savings  
2 program; amending RCW 28B.95.010, 28B.95.020, 28B.95.025, 28B.95.035,  
3 28B.95.040,        28B.95.080,        28B.95.090,        28B.95.100,        28B.95.150,  
4 28B.95.900, 43.33A.135, and 43.33A.190; reenacting and amending RCW  
5 43.79A.040; adding new sections to chapter 28B.95 RCW; and creating a  
6 new section.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8            **Sec. 1.** RCW 28B.95.010 and 1997 c 289 s 1 are each amended to  
9 read as follows:

10            (1) The Washington advanced college tuition payment program is  
11 established to help make higher education affordable and accessible  
12 to all citizens of the state of Washington by offering a savings  
13 incentive that will protect purchasers and beneficiaries against  
14 rising tuition costs. (~~The program is~~)

15            (2) Subject to the availability of amounts appropriated for this  
16 specific purpose, the Washington college savings program is  
17 established to provide an additional financial option for  
18 individuals, organizations, and families to save for college.

19            (3) These programs are designed to encourage savings and enhance  
20 the ability of Washington citizens to obtain financial access to  
21 institutions of higher education. In addition, the programs

1 encourage(~~s~~) elementary and secondary school students to do well in  
2 school as a means of preparing for and aspiring to higher education  
3 attendance. (~~This program is~~) These programs are intended to  
4 promote a well-educated and financially secure population to the  
5 ultimate benefit of all citizens of the state of Washington.

6 **Sec. 2.** RCW 28B.95.020 and 2015 3rd sp.s. c 36 s 6 are each  
7 amended to read as follows:

8 The definitions in this section apply throughout this chapter,  
9 unless the context clearly requires otherwise.

10 (1) "Academic year" means the regular nine-month, three-quarter,  
11 or two-semester period annually occurring between August 1st and July  
12 31st.

13 (2) "Account" means the Washington advanced college tuition  
14 payment program account established for the deposit of all money  
15 received by the office from eligible purchasers and interest earnings  
16 on investments of funds in the account, as well as for all  
17 expenditures on behalf of eligible beneficiaries for the redemption  
18 of tuition units and for the development of any authorized college  
19 savings program pursuant to RCW 28B.95.150.

20 (3) "College savings program account" means the Washington  
21 college savings program account established pursuant to RCW  
22 28B.95.010.

23 (4) "Committee on advanced tuition payment and college savings"  
24 or "committee" means a committee of the following members: The state  
25 treasurer, the director of the office of financial management, the  
26 director of the office, or their designees, and two members to be  
27 appointed by the governor, one representing program participants and  
28 one private business representative with marketing, public relations,  
29 or financial expertise.

30 (~~(4)~~) (5) "Contractual obligation" means a legally binding  
31 contract of the state with the purchaser and the beneficiary  
32 establishing that purchases of tuition units in the advanced college  
33 tuition payment program will be worth the same number of tuition  
34 units at the time of redemption as they were worth at the time of the  
35 purchase, except as provided in RCW 28B.95.030(7).

36 (~~(5)~~) (6) "Dual credit fees" means any fees charged to a  
37 student for participation in college in the high school under RCW  
38 28A.600.290 or running start under RCW 28A.600.310.

1       ~~((6))~~ (7) "Eligible beneficiary" means the person ~~((for whom~~  
2 ~~the tuition unit will be redeemed for attendance at an institution of~~  
3 ~~higher education, participation in college in the high school under~~  
4 ~~RCW 28A.600.290, or participation in running start under RCW~~  
5 ~~28A.600.310. The beneficiary is that person named by the purchaser at~~  
6 ~~the time that a tuition unit contract is accepted by the governing~~  
7 ~~body)) designated as the individual whose education expenses are to~~  
8 ~~be paid from the advanced college tuition payment program or the~~  
9 ~~college savings program.~~ Qualified organizations, as allowed under  
10 section 529 of the federal internal revenue code, purchasing tuition  
11 unit contracts as future scholarships need not designate a  
12 beneficiary at the time of purchase.

13       ~~((7))~~ (8) "Eligible contributor" means an individual or  
14 organization that contributes money for the purchase of tuition  
15 units, and for an individual college savings program account  
16 established pursuant to this chapter for an eligible beneficiary.

17       (9) "Eligible purchaser" means an individual or organization that  
18 has entered into a tuition unit contract with the governing body for  
19 the purchase of tuition units in the advanced college tuition payment  
20 program for an eligible beneficiary, or that has entered into a  
21 participant college savings program account contract for an eligible  
22 beneficiary. The state of Washington may be an eligible purchaser for  
23 purposes of purchasing tuition units to be held for granting  
24 Washington college bound scholarships.

25       ~~((8))~~ (10) "Full-time tuition charges" means resident tuition  
26 charges at a state institution of higher education for enrollments  
27 between ten credits and eighteen credit hours per academic term.

28       ~~((9))~~ (11) "Governing body" means the committee empowered by  
29 the legislature to administer the Washington advanced college tuition  
30 payment program and the Washington college savings program.

31       ~~((10))~~ (12) "Individual college savings program account" means  
32 the formal record of transactions relating to a Washington college  
33 savings program beneficiary.

34       (13) "Institution of higher education" means an institution that  
35 offers education beyond the secondary level and is recognized by the  
36 internal revenue service under chapter 529 of the internal revenue  
37 code.

38       ~~((11))~~ (14) "Investment board" means the state investment board  
39 as defined in chapter 43.33A RCW.

1        ~~((12))~~ (15) "Investment manager" means the state investment  
2 board, another state, or any other entity as selected by the  
3 governing body, including another college savings plan established  
4 pursuant to section 529 of the internal revenue code.

5        (16) "Office" means the office of student financial assistance as  
6 defined in chapter 28B.76 RCW.

7        ~~((13))~~ (17) "Owner" means the eligible purchaser or the  
8 purchaser's successor in interest who shall have the exclusive  
9 authority to make decisions with respect to the tuition unit contract  
10 or the individual college savings program contract. The owner has  
11 exclusive authority and responsibility to establish and change the  
12 asset investment options for a beneficiaries' individual college  
13 savings program account.

14        (18) "Participant college savings program account contract" means  
15 a contract to participate in the Washington college savings program  
16 between an eligible purchaser and the office.

17        (19) "State institution of higher education" means institutions  
18 of higher education as defined in RCW 28B.10.016.

19        ~~((14))~~ (20) "Tuition and fees" means undergraduate tuition and  
20 services and activities fees as defined in RCW 28B.15.020 and  
21 28B.15.041 rounded to the nearest whole dollar. For purposes of this  
22 chapter, services and activities fees do not include fees charged for  
23 the payment of bonds heretofore or hereafter issued for, or other  
24 indebtedness incurred to pay, all or part of the cost of acquiring,  
25 constructing, or installing any lands, buildings, or facilities.

26        ~~((15))~~ (21) "Tuition unit contract" means a contract between an  
27 eligible purchaser and the governing body, or a successor agency  
28 appointed for administration of this chapter, for the purchase of  
29 tuition units in the advanced college tuition payment program for a  
30 specified beneficiary that may be redeemed at a later date for an  
31 equal number of tuition units, except as provided in RCW  
32 28B.95.030(7).

33        ~~((16))~~ (22) "Unit purchase price" means the minimum cost to  
34 purchase one tuition unit in the advanced college tuition payment  
35 program for an eligible beneficiary. Generally, the minimum purchase  
36 price is one percent of the undergraduate tuition and fees for the  
37 current year, rounded to the nearest whole dollar, adjusted for the  
38 costs of administration and adjusted to ensure the actuarial  
39 soundness of the account. The analysis for price setting shall also  
40 include, but not be limited to consideration of past and projected

1 patterns of tuition increases, program liability, past and projected  
2 investment returns, and the need for a prudent stabilization reserve.

3 **Sec. 3.** RCW 28B.95.025 and 2011 1st sp.s. c 11 s 169 are each  
4 amended to read as follows:

5 The office shall maintain appropriate offices and employ and fix  
6 compensation of such personnel as may be necessary to perform the  
7 advanced college tuition payment program and the Washington college  
8 savings program duties. The office shall consult with the governing  
9 body on the selection, compensation, and other issues relating to the  
10 employment of the program director. The positions are exempt from  
11 classified service under chapter 41.06 RCW. The employees shall be  
12 employees of the office.

13 NEW SECTION. **Sec. 4.** A new section is added to chapter 28B.95  
14 RCW to read as follows:

15 (1) The Washington college savings program shall be administered  
16 by the committee, which shall be chaired by the director of the  
17 office. The committee shall be supported by staff of the office.

18 (2) The Washington college savings program shall consist of the  
19 college savings program account and the individual college savings  
20 program accounts, and shall allow an eligible purchaser to establish  
21 an individual college savings program account for an eligible  
22 beneficiary whereby the money in the account may be invested and used  
23 for enrollment at any institution of higher education that is  
24 recognized by the internal revenue service under chapter 529 of the  
25 internal revenue code. Money in the account may also be used to pay  
26 for dual credit fees.

27 (3) The Washington college savings program is open to eligible  
28 purchasers and eligible beneficiaries who are residents or  
29 nonresidents of Washington state.

30 (4) The committee may contract with other state or nonstate  
31 entities that are authorized to do business in the state for the  
32 investment of moneys in the college savings program, including other  
33 college savings plans established pursuant to section 529 of the  
34 internal revenue code. The investment of eligible contributors'  
35 deposits may be in credit unions, savings and loan associations,  
36 banks, mutual savings banks, purchase life insurance, shares of an  
37 investment company, individual securities, fixed annuity contracts,  
38 variable annuity contracts, any insurance company, other 529 plans,

1 or any investment company licensed to contract business in this  
2 state.

3 (5) The governing body shall determine the conditions under which  
4 control or the beneficiary of an individual college savings program  
5 account may be transferred to another family member. In permitting  
6 such transfers, the governing body may not allow the individual  
7 college savings program account to be bought, sold, bartered, or  
8 otherwise exchanged for goods and services by either the beneficiary  
9 or the purchaser.

10 (6) The governing body shall promote, advertise, and publicize  
11 the Washington college savings program.

12 (7) In addition to any other powers conferred by this chapter,  
13 the governing body may:

14 (a) Impose limits on the amount of contributions that may be made  
15 on behalf of any eligible beneficiary;

16 (b) Determine and set age limits and any time limits for the use  
17 of benefits under this chapter;

18 (c) Establish incentives to encourage participation in the  
19 Washington college savings program to include but not be limited to  
20 entering into agreements with any public or private employer under  
21 which an employee may agree to have a designated amount deducted in  
22 each payroll period from the wages due the employee for the purpose  
23 of making contributions to a participant college savings program  
24 account;

25 (d) Impose and collect administrative fees and charges in  
26 connection with any transaction under this chapter;

27 (e) Appoint and use advisory committees and the state actuary as  
28 needed to provide program direction and guidance;

29 (f) Formulate and adopt all other policies and rules necessary  
30 for the efficient administration of the program;

31 (g) Purchase insurance from insurers licensed to do business in  
32 the state, to provide for coverage against any loss in connection  
33 with the account's property, assets, or activities;

34 (h) Make, execute, and deliver contracts, conveyances, and other  
35 instruments necessary to the exercise and discharge of its powers and  
36 duties under this chapter;

37 (i) Contract for the provision for all or part of the services  
38 necessary for the management and operation of the Washington college  
39 savings program with other state or nonstate entities authorized to  
40 do business in the state for the investment of moneys;

1 (j) Contract for other services or for goods needed by the  
2 governing body in the conduct of its business under this chapter;

3 (k) Contract with financial consultants, actuaries, auditors, and  
4 other consultants as necessary to carry out its responsibilities  
5 under this chapter;

6 (l) Solicit and accept gifts, bequests, cash donations, and  
7 grants from any person, governmental agency, private business, or  
8 organization; and

9 (m) Perform all acts necessary and proper to carry out the duties  
10 and responsibilities of the Washington college savings program under  
11 this chapter.

12 **Sec. 5.** RCW 28B.95.035 and 1998 c 69 s 3 are each amended to  
13 read as follows:

14 No member of the committee is liable for the negligence, default,  
15 or failure of any other person or members of the committee to perform  
16 the duties of office and no member may be considered or held to be an  
17 insurer of the funds or assets of any of the advanced college tuition  
18 payment program or any of the Washington college savings program.

19 **Sec. 6.** RCW 28B.95.040 and 2011 1st sp.s. c 11 s 171 are each  
20 amended to read as follows:

21 The governing body may, at its discretion, allow an organization  
22 to purchase tuition units or establish savings plans for future use  
23 as scholarships. Such organizations electing to purchase tuition  
24 units or establish Washington college savings program accounts for  
25 this purpose must enter into a contract with the governing body  
26 which, at a minimum, ensures that the scholarship shall be freely  
27 given by the purchaser to a scholarship recipient. For such  
28 purchases, the purchaser need not name a beneficiary until four  
29 months before the date when the tuition units are first expected to  
30 be used.

31 The governing body shall formulate and adopt such rules as are  
32 necessary to determine which organizations may qualify to purchase  
33 tuition units or establish Washington college savings program  
34 accounts for scholarships under this section. The governing body also  
35 may consider additional rules for the use of tuition units or  
36 Washington college savings program accounts if purchased as  
37 scholarships.

1 The governing body may establish a scholarship fund with moneys  
2 from the Washington advanced college tuition payment program account.  
3 A scholarship fund established under this authority shall be  
4 administered by the office and shall be provided to students who  
5 demonstrate financial need. Financial need is not a criterion that  
6 any other organization need consider when using tuition units as  
7 scholarships. The office also may establish its own corporate-  
8 sponsored scholarship fund under this chapter.

9 NEW SECTION. **Sec. 7.** A new section is added to chapter 28B.95  
10 RCW to read as follows:

11 (1) The Washington college savings program account is created in  
12 the custody of the state treasurer. The account shall be a discrete  
13 nontreasury account retaining its interest earnings in accordance  
14 with RCW 43.79A.040.

15 (2) The governing body shall deposit in the account all moneys  
16 received for the program. The account shall be self-sustaining and  
17 consist of payments received for the purposes of college savings for  
18 the beneficiary. With the exception of investment and operating costs  
19 associated with the investment of money by a nonstate entity or paid  
20 under RCW 43.08.190, 43.33A.160, and 43.84.160, the account shall be  
21 credited with all investment income earned by the account.  
22 Disbursements from the account are exempt from appropriations and the  
23 allotment provisions of chapter 43.88 RCW. Money used for program  
24 administration is subject to the allotment of all expenditures.  
25 However, an appropriation is not required for such expenditures.  
26 Program administration includes, but is not limited to: The salaries  
27 and expenses of the Washington college savings program personnel  
28 including lease payments, travel, and goods and services necessary  
29 for program operation; contracts for Washington college savings  
30 program promotion and advertisement, audits, and account management;  
31 and other general costs of conducting the business of the Washington  
32 college savings program.

33 (3) The account is authorized to maintain a cash deficit in the  
34 account for a period no more than five fiscal years to defray its  
35 initial program administration costs. By December 31, 2017, the  
36 governing body shall establish a program administration spending plan  
37 and a fee schedule to discharge any projected cash deficit to the  
38 account. The legislature may make appropriations into the account for  
39 the purpose of reducing program administration costs.

1 (4) The assets of the account may be spent without appropriation  
2 for the purpose of making payments to institutions of higher  
3 education on behalf of the qualified beneficiaries, making refunds,  
4 transfers, or direct payments upon the termination of the Washington  
5 college savings program. Disbursements from the account shall be made  
6 only on the authorization of the governing body.

7 (5) With regard to the assets of the account, the state acts in a  
8 fiduciary, not ownership, capacity. Therefore the assets of the  
9 program are not considered state money, common cash, or revenue to  
10 the state.

11 **Sec. 8.** RCW 28B.95.080 and 2011 1st sp.s. c 12 s 3 are each  
12 amended to read as follows:

13 The governing body shall annually evaluate, and cause to be  
14 evaluated by the state actuary, the soundness of the advanced college  
15 tuition payment program account and determine the additional assets  
16 needed, if any, to defray the obligations of the account. The  
17 governing body may, at its discretion, consult with a nationally  
18 recognized actuary for periodic assessments of the account.

19 If funds are determined by the governing body, based on actuarial  
20 analysis to be insufficient to ensure the actuarial soundness of the  
21 account, the governing body shall adjust the price of subsequent  
22 tuition credit purchases to ensure its soundness.

23 If there are insufficient numbers of new purchases to ensure the  
24 actuarial soundness of the account, the governing body shall request  
25 such funds from the legislature as are required to ensure the  
26 integrity of the program. Funds may be appropriated directly to the  
27 account or appropriated under the condition that they be repaid at a  
28 later date. The repayment shall be made at such time that the account  
29 is again determined to be actuarially sound.

30 **Sec. 9.** RCW 28B.95.090 and 2005 c 272 s 3 are each amended to  
31 read as follows:

32 (1) In the event that the state determines that the advanced  
33 college tuition payment program is not financially feasible, or for  
34 any other reason, the state may declare the discontinuance of the  
35 program. At the time of such declaration, the governing body will  
36 cease to accept any further tuition unit contracts or purchases.

37 (2) The remaining tuition units for all beneficiaries who have  
38 either enrolled in higher education or who are within four years of

1 graduation from a secondary school shall be honored until such  
2 tuition units have been exhausted, or for ten fiscal years from the  
3 date that the program has been discontinued, whichever comes first.  
4 All other contract holders shall receive a refund equal to the value  
5 of the current tuition units in effect at the time that the program  
6 was declared discontinued.

7 (3) At the end of the ten-year period, any tuition units  
8 remaining unused by currently active beneficiaries enrolled in higher  
9 education shall be refunded at the value of the current tuition unit  
10 in effect at the end of that ten-year period.

11 (4) At the end of the ten-year period, all other funds remaining  
12 in the account not needed to make refunds or to pay for  
13 administrative costs shall be deposited to the state general fund.

14 (5) The governing body may make refunds under other exceptional  
15 circumstances as it deems fit, however, no tuition units may be  
16 honored after the end of the tenth fiscal year following the  
17 declaration of discontinuance of the program.

18 NEW SECTION. **Sec. 10.** A new section is added to chapter 28B.95  
19 RCW to read as follows:

20 (1) The investment manager has the full power to invest,  
21 reinvest, manage, contract, sell, or exchange investment money in the  
22 Washington college savings program without limitation as to the  
23 amount pursuant to RCW 43.84.150 and 43.33A.140. All investment and  
24 operating costs associated with the investment of money must be paid  
25 to the investment manager as allowed by RCW 43.33A.160 and 43.84.160.  
26 With the exception of these expenses, one hundred percent of all  
27 earnings from investments accrue directly to the owner of the  
28 individual college savings program account.

29 (2) The governing body may allow owners to self-direct the  
30 investment of moneys in individual college savings program accounts  
31 through the selection of investment options. The governing body may  
32 provide plans that it deems are in the interests of the owners and  
33 beneficiaries.

34 (a) The investment manager, after consultation with the governing  
35 body, shall provide a set of options for owners to choose from for  
36 investment of individual college savings program account  
37 contributions.

1 (b) The investment manager has the full authority to invest  
2 moneys pursuant to the investment directions of the owner of a self-  
3 directed individual college savings program account.

4 (3) All moneys in the college savings program account, all  
5 property and rights purchased with the account, and all income  
6 attributable to the account, shall be held in trust for the exclusive  
7 benefit of the owners and their eligible beneficiaries.

8 (4) All investments made by the investment manager shall be made  
9 with the exercise of that degree of judgment and care expressed in  
10 chapter 43.33A RCW.

11 (5) As deemed appropriate by the investment manager, money in the  
12 Washington college savings program account may be commingled for  
13 investment with other funds subject to investment by the investment  
14 manager.

15 (6) The authority to establish all policies relating to the  
16 Washington college savings program and the Washington college savings  
17 program account, other than investment policies resides with the  
18 governing body. With the exception of expenses of the investment  
19 manager as provided in subsection (1) of this section, disbursements  
20 from the Washington college savings program account shall be made  
21 only on the authorization of the governing body or its designee, and  
22 moneys in the account may be spent only for the purposes of the  
23 Washington college savings program as specified in this chapter.

24 (7) The investment manager shall routinely consult and  
25 communicate with the governing body on the investment policy,  
26 earnings of the trust, and related needs of the Washington college  
27 savings program.

28 **Sec. 11.** RCW 28B.95.100 and 2000 c 14 s 7 are each amended to  
29 read as follows:

30 (1) The governing body, in planning and devising the advanced  
31 college tuition payment program and the Washington college savings  
32 program, shall consult with the investment board, the state  
33 treasurer, the office of financial management, and the institutions  
34 of higher education.

35 (2) The governing body may seek the assistance of the state  
36 agencies named in subsection (1) of this section, private financial  
37 institutions, and any other qualified party with experience in the  
38 areas of accounting, actuary, risk management, or investment  
39 management to assist with preparing an accounting of the programs and

1 ensuring the fiscal soundness of the advanced college tuition payment  
2 program account and the Washington college savings program account.

3 (3) State agencies and public institutions of higher education  
4 shall fully cooperate with the governing body in matters relating to  
5 the programs in order to ensure the solvency of the advanced college  
6 tuition payment account and the Washington college savings program  
7 account and ability of the governing body to meet outstanding  
8 commitments.

9 NEW SECTION. **Sec. 12.** A new section is added to chapter 28B.95  
10 RCW to read as follows:

11 The intent of the Washington college savings program is to make  
12 distributions from individual college savings program accounts for  
13 beneficiaries' attendance at public or private institutions of higher  
14 education. Refunds shall be issued under specific conditions that may  
15 include the following:

16 (1) Certification that the beneficiary, who is eighteen years of  
17 age or older, will not attend a public or private institution of  
18 higher education, will result in a refund not to exceed the current  
19 value at the time of such certification minus a penalty at the rate  
20 established by the governing body. The refund shall be made no sooner  
21 than ninety days after such certification, less any administrative  
22 processing fees assessed by the governing body;

23 (2) If there is certification of the death or disability of the  
24 beneficiary, the refund shall be equal to one hundred percent of the  
25 current value at the time that such certification is submitted to the  
26 governing body, less any administrative processing fees assessed by  
27 the governing body;

28 (3) If there is certification by the student of graduation or  
29 program completion, the refund shall be as great as one hundred  
30 percent of the current value at the time that such certification is  
31 submitted to the governing body, less any administrative processing  
32 fees assessed by the governing body. The governing body may, at its  
33 discretion, impose a penalty if needed to comply with federal tax  
34 rules;

35 (4) If there is certification of other tuition and fee  
36 scholarships that will cover the cost of tuition for the eligible  
37 beneficiary, the refund shall be equal to one hundred percent of the  
38 current value in effect at the time of the refund request, less any  
39 administrative processing fees assessed by the governing body. The

1 refund under this subsection may not exceed the value of the  
2 scholarship;

3 (5) Incorrect or misleading information provided by the purchaser  
4 or beneficiaries may result in a refund of the purchaser's and  
5 contributors' contributions, less any administrative processing fees  
6 assessed by the governing body. The value of the refund must not  
7 exceed the actual dollar value of the purchaser's or contributors'  
8 contributions; and

9 (6) The governing body may determine other circumstances  
10 qualifying for refunds of remaining unused participant Washington  
11 college savings program account balances and may determine the value  
12 of that refund.

13 NEW SECTION. **Sec. 13.** A new section is added to chapter 28B.95  
14 RCW to read as follows:

15 With regard to bankruptcy filings and enforcement of judgments  
16 under Title 6 RCW, participant Washington college savings program  
17 account deposits made more than two years before the date of filing  
18 or judgment are considered excluded personal assets.

19 **Sec. 14.** RCW 28B.95.150 and 2012 c 198 s 16 are each amended to  
20 read as follows:

21 (1) The committee may establish a college savings program. If  
22 such a program is established, the college savings program shall be  
23 established, in such form as may be determined by the committee, to  
24 be a qualified state tuition program as defined by the internal  
25 revenue service under section 529 of the internal revenue code, and  
26 shall be administered in a manner consistent with the Washington  
27 advanced college tuition payment program. The committee, in planning  
28 and devising the program, shall consult with the state investment  
29 board, the state treasurer, the state actuary, the legislative fiscal  
30 and higher education committees, and the institutions of higher  
31 education. The governing body may, at its discretion, consult with a  
32 qualified actuarial consulting firm with appropriate expertise to  
33 evaluate such plans for periodic assessments of the program.

34 (2) Up to two hundred thousand dollars of administrative fees  
35 collected from guaranteed education tuition program participants may  
36 be applied as a loan to fund the development and start-up of a  
37 college savings program. This loan must be repaid with interest  
38 before the conclusion of the biennium following the biennium in which

1 the committee draws funds for this purpose from the advanced college  
2 tuition payment program account.

3 (3) The committee, after consultation with the state investment  
4 board or other contracted investment manager, shall determine the  
5 investment policies for the college savings program. Program  
6 contributions may be invested by the state investment board, in which  
7 case it and not the committee shall determine the investment policies  
8 for the college savings program, or the committee may contract with  
9 an investment company licensed to conduct business in this state to  
10 do the investing. The committee shall keep or cause to be kept full  
11 and adequate accounts and records of the assets of each individual  
12 participant in the college savings program.

13 (4)(a) The governing body may elect to have the state investment  
14 board serve as investment manager for the funds in the college  
15 savings program. Members of the state investment board and its  
16 officers and employees are not considered an insurer of the funds or  
17 assets and are not liable for any action or inaction.

18 (b) Members of the state investment board and its officers and  
19 employees are not liable to the state, to the fund, or to any other  
20 person as a result of their activities as members, whether  
21 ministerial or discretionary, except for willful dishonesty or  
22 intentional violations of law. The state investment board in its  
23 discretion may purchase liability insurance for members.

24 (c) The state investment board retains all authority to establish  
25 all investment policies relating to the investment of college savings  
26 program moneys.

27 (d) The state investment board shall routinely consult and  
28 communicate with the committee on the investment policy, earnings of  
29 the accounts, and related needs of the college savings program.

30 (5) The owner has exclusive authority and responsibility to  
31 establish and change the asset allocation for an individual  
32 participant college savings program account.

33 (6) Neither the state nor any eligible educational institution  
34 may be considered or held to be an insurer of the funds or assets of  
35 the individual participant accounts in the college savings program  
36 created under this section nor may any such entity be held liable for  
37 any shortage of funds in the event that balances in the individual  
38 participant accounts are insufficient to meet the educational  
39 expenses of the institution chosen by the student for which the  
40 individual participant account was intended.

1       (~~(5)~~) (7) The committee shall adopt rules to implement this  
2 section. Such rules shall include but not be limited to  
3 administration, investment management, recordkeeping, promotion, and  
4 marketing; compliance with internal revenue service standards and  
5 applicable securities regulations; application procedures and fees;  
6 start-up costs; phasing in the savings program and withdrawals  
7 therefrom; deterrents to early withdrawals and provisions for  
8 hardship withdrawals; and reenrollment in the savings program after  
9 withdrawal.

10       (~~(6)~~) (8) The committee may, at its discretion, determine to  
11 cease operation of the college savings program if it determines the  
12 continuation is not in the best interest of the state. The committee  
13 shall adopt rules to implement this section addressing the orderly  
14 distribution of assets.

15       **Sec. 15.** RCW 28B.95.900 and 1997 c 289 s 11 are each amended to  
16 read as follows:

17       This chapter shall not be construed as a promise that any  
18 beneficiary shall be granted admission to any institution of higher  
19 education, will earn any specific or minimum number of academic  
20 credits, or will graduate from any such institution. In addition,  
21 this chapter shall not be construed as a promise of either course or  
22 program availability.

23       Participation in (~~this~~) the advanced college tuition payment  
24 program or the Washington college savings program does not guarantee  
25 an eligible beneficiary the right to resident tuition and fees. To  
26 qualify for resident and respective tuition subsidies, the eligible  
27 beneficiary must meet the applicable provisions of RCW 28B.15.011  
28 through 28B.15.015.

29       This chapter shall not be construed to imply that the redemption  
30 of tuition units in the advanced college tuition payment program  
31 shall be equal to any value greater than the undergraduate tuition  
32 and services and activities fees at a state institution of higher  
33 education as computed under this chapter. Eligible beneficiaries will  
34 be responsible for payment of any other fee that does not qualify as  
35 a services and activities fee including, but not limited to, any  
36 expenses for tuition surcharges, tuition overload fees, laboratory  
37 fees, equipment fees, book fees, rental fees, room and board charges,  
38 or fines.

1       **Sec. 16.** RCW 43.33A.135 and 2010 1st sp.s. c 7 s 36 are each  
2 amended to read as follows:

3       The state investment board has the full power to establish  
4 investment policy, develop participant investment options, and manage  
5 investment funds for the college savings program pursuant to RCW  
6 28B.95.010 and for the state deferred compensation plan, consistent  
7 with the provisions of RCW 41.50.770 and 41.50.780. The board may  
8 continue to offer the investment options provided as of June 11,  
9 1998, until the board establishes a deferred compensation plan  
10 investment policy and adopts new investment options after considering  
11 the recommendations of the department of retirement systems.

12       **Sec. 17.** RCW 43.33A.190 and 2000 c 247 s 701 are each amended to  
13 read as follows:

14       (~~Pursuant to RCW 41.34.130,~~) The state investment board shall  
15 invest all self-directed investment moneys under teachers' retirement  
16 system plan 3, the school employees' retirement system plan 3, and  
17 the public employees' retirement system plan 3 pursuant to RCW  
18 41.34.130 and under the college savings program pursuant to RCW  
19 28B.95.010 with full power to establish investment policy, develop  
20 investment options, and manage self-directed investment funds.

21       **Sec. 18.** RCW 43.79A.040 and 2013 c 251 s 5 and 2013 c 88 s 1 are  
22 each reenacted and amended to read as follows:

23       (1) Money in the treasurer's trust fund may be deposited,  
24 invested, and reinvested by the state treasurer in accordance with  
25 RCW 43.84.080 in the same manner and to the same extent as if the  
26 money were in the state treasury, and may be commingled with moneys  
27 in the state treasury for cash management and cash balance purposes.

28       (2) All income received from investment of the treasurer's trust  
29 fund must be set aside in an account in the treasury trust fund to be  
30 known as the investment income account.

31       (3) The investment income account may be utilized for the payment  
32 of purchased banking services on behalf of treasurer's trust funds  
33 including, but not limited to, depository, safekeeping, and  
34 disbursement functions for the state treasurer or affected state  
35 agencies. The investment income account is subject in all respects to  
36 chapter 43.88 RCW, but no appropriation is required for payments to  
37 financial institutions. Payments must occur prior to distribution of  
38 earnings set forth in subsection (4) of this section.

1 (4)(a) Monthly, the state treasurer must distribute the earnings  
2 credited to the investment income account to the state general fund  
3 except under (b), (c), and (d) of this subsection.

4 (b) The following accounts and funds must receive their  
5 proportionate share of earnings based upon each account's or fund's  
6 average daily balance for the period: The Washington promise  
7 scholarship account, the Washington advanced college tuition payment  
8 program account, the Washington college savings program account, the  
9 accessible communities account, the community and technical college  
10 innovation account, the agricultural local fund, the American Indian  
11 scholarship endowment fund, the foster care scholarship endowment  
12 fund, the foster care endowed scholarship trust fund, the contract  
13 harvesting revolving account, the Washington state combined fund  
14 drive account, the commemorative works account, the county enhanced  
15 911 excise tax account, the toll collection account, the  
16 developmental disabilities endowment trust fund, the energy account,  
17 the fair fund, the family leave insurance account, the food animal  
18 veterinarian conditional scholarship account, the fruit and vegetable  
19 inspection account, the future teachers conditional scholarship  
20 account, the game farm alternative account, the GET ready for math  
21 and science scholarship account, the Washington global health  
22 technologies and product development account, the grain inspection  
23 revolving fund, the industrial insurance rainy day fund, the juvenile  
24 accountability incentive account, the law enforcement officers' and  
25 firefighters' plan 2 expense fund, the local tourism promotion  
26 account, the multiagency permitting team account, the pilotage  
27 account, the produce railcar pool account, the regional  
28 transportation investment district account, the rural rehabilitation  
29 account, the stadium and exhibition center account, the youth  
30 athletic facility account, the self-insurance revolving fund, the  
31 children's trust fund, the Washington horse racing commission  
32 Washington bred owners' bonus fund and breeder awards account, the  
33 Washington horse racing commission class C purse fund account, the  
34 individual development account program account, the Washington horse  
35 racing commission operating account, the life sciences discovery  
36 fund, the Washington state heritage center account, the reduced  
37 cigarette ignition propensity account, the center for childhood  
38 deafness and hearing loss account, the school for the blind account,  
39 the Millersylvania park trust fund, the public employees' and

1 retirees' insurance reserve fund, and the radiation perpetual  
2 maintenance fund.

3 (c) The following accounts and funds must receive eighty percent  
4 of their proportionate share of earnings based upon each account's or  
5 fund's average daily balance for the period: The advanced right-of-  
6 way revolving fund, the advanced environmental mitigation revolving  
7 account, the federal narcotics asset forfeitures account, the high  
8 occupancy vehicle account, the local rail service assistance account,  
9 and the miscellaneous transportation programs account.

10 (d) Any state agency that has independent authority over accounts  
11 or funds not statutorily required to be held in the custody of the  
12 state treasurer that deposits funds into a fund or account in the  
13 custody of the state treasurer pursuant to an agreement with the  
14 office of the state treasurer shall receive its proportionate share  
15 of earnings based upon each account's or fund's average daily balance  
16 for the period.

17 (5) In conformance with Article II, section 37 of the state  
18 Constitution, no trust accounts or funds shall be allocated earnings  
19 without the specific affirmative directive of this section.

20 NEW SECTION. **Sec. 19.** If specific funding for the purposes of  
21 this act, referencing this act by bill or chapter number, is not  
22 provided by June 30, 2016, in the omnibus appropriations act, this  
23 act is null and void.

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