
SENATE BILL 6486

State of Washington 57th Legislature

2002 Regular Session

By Senators Gardner, Snyder, Franklin, Costa, Keiser, Rasmussen, Winsley and McAuliffe; by request of State Treasurer

Read first time 01/18/2002. Referred to Committee on Higher Education.

1 AN ACT Relating to college payment programs; amending RCW
2 28B.95.150; and providing an effective date.

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

4 **Sec. 1.** RCW 28B.95.150 and 2001 c 184 s 2 are each amended to read
5 as follows:

6 (1) The committee may establish a college savings program. If such
7 a program is established, the college savings program shall be
8 established, in such form as may be determined by the committee, to be
9 a qualified state tuition program as defined by the internal revenue
10 service under section 529 of the internal revenue code, and shall be
11 administered in a manner consistent with the Washington advanced
12 college tuition payment program. The committee, in planning and
13 devising the program, shall consult with the state investment board,
14 the state treasurer, a qualified actuarial consulting firm with
15 appropriate expertise to evaluate such plans, the legislative fiscal
16 and higher education committees, and the institutions of higher
17 education.

18 (2) ~~((Up to two hundred thousand dollars of administrative fees
19 collected from guaranteed education tuition program participants may be~~

1 ~~applied as a loan to fund the development of a college savings program.~~
2 ~~This loan must be repaid with interest before the conclusion of the~~
3 ~~biennium in which the committee draws funds for this purpose from the~~
4 ~~advanced college tuition payment program account.~~

5 (3)) If such a college savings program is established, the college
6 savings program account is created in the custody of the state
7 treasurer for the purpose of administering the college savings program.
8 If created, the account shall be a discrete nontreasury account in the
9 custody of the state treasurer. Interest earnings shall be retained in
10 accordance with RCW 43.79A.040. Disbursements from the account, except
11 for program administration, are exempt from appropriations and the
12 allotment provisions of chapter 43.88 RCW. Money used for program
13 administration is subject to the allotment provisions, but without
14 appropriation.

15 ((4)) (3) The committee, after consultation with the state
16 investment board, shall determine the investment policies for the
17 college savings program. Program contributions may be invested by the
18 state investment board or the committee may contract with an investment
19 company licensed to conduct business in this state to do the investing.
20 The committee shall keep or cause to be kept full and adequate accounts
21 and records of the assets of each individual participant in the college
22 savings program.

23 ((5)) (4) Neither the state nor any eligible educational
24 institution may be considered or held to be an insurer of the funds or
25 assets of the individual participant accounts in the college savings
26 program created under this section nor may any such entity be held
27 liable for any shortage of funds in the event that balances in the
28 individual participant accounts are insufficient to meet the
29 educational expenses of the institution chosen by the student for which
30 the individual participant account was intended.

31 ((6)) (5) The committee shall adopt rules to implement this
32 section. Such rules shall include but not be limited to
33 administration, investment management, promotion, and marketing;
34 compliance with internal revenue service standards; application
35 procedures and fees; ~~((start-up))~~ development and operating costs;
36 loans; phasing in the savings program and withdrawals therefrom;
37 deterrents to early withdrawals and provisions for hardship
38 withdrawals; and reenrollment in the savings program after withdrawal.
39 At the discretion of the committee, funds from the advanced college

1 tuition payment program account may be applied as a loan to fund the
2 development and operation of a college savings program. Funds borrowed
3 are to be repaid, including interest as established by the committee,
4 during the time period consistent with the fiduciary role of the
5 committee.

6 ((+7)) (6) The committee may, at its discretion, determine to
7 cease operation of the college savings program if it determines the
8 continuation is not in the best interest of the state. The committee
9 shall adopt rules to implement this section addressing the orderly
10 distribution of assets.

11 NEW SECTION. **Sec. 2.** This act takes effect July 1, 2002.

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