

**E2SSB 6601** - H COMM AMD  
By Committee on Higher Education

NOT CONSIDERED 03/03/2016

1 Strike everything after the enacting clause and insert the  
2 following:

3 "Sec. 1. RCW 28B.95.010 and 1997 c 289 s 1 are each amended to  
4 read as follows:

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

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

14 (3) These programs are designed to encourage savings and enhance  
15 the ability of Washington citizens to obtain financial access to  
16 institutions of higher education. In addition, the programs  
17 encourage(~~s~~) elementary and secondary school students to do well in  
18 school as a means of preparing for and aspiring to higher education  
19 attendance. (~~This program is~~) These programs are intended to  
20 promote a well-educated and financially secure population to the  
21 ultimate benefit of all citizens of the state of Washington.

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

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

26 (1) "Academic year" means the regular nine-month, three-quarter,  
27 or two-semester period annually occurring between August 1st and July  
28 31st.

29 (2) "Account" means the Washington advanced college tuition  
30 payment program account established for the deposit of all money  
31 received by the office from eligible purchasers and interest earnings

1 on investments of funds in the account, as well as for all  
2 expenditures on behalf of eligible beneficiaries for the redemption  
3 of tuition units and for the development of any authorized college  
4 savings program pursuant to RCW 28B.95.150.

5 (3) "College savings program account" means the Washington  
6 college savings program account established pursuant to RCW  
7 28B.95.010.

8 (4) "Committee on advanced tuition payment and college savings"  
9 or "committee" means a committee of the following members: The state  
10 treasurer, the director of the office of financial management, the  
11 director of the office, or their designees, and two members to be  
12 appointed by the governor, one representing program participants and  
13 one private business representative with marketing, public relations,  
14 or financial expertise.

15 ((+4)) (5) "Contractual obligation" means a legally binding  
16 contract of the state with the purchaser and the beneficiary  
17 establishing that purchases of tuition units in the advanced college  
18 tuition payment program will be worth the same number of tuition  
19 units at the time of redemption as they were worth at the time of the  
20 purchase, except as provided in RCW 28B.95.030(7).

21 ((+5)) (6) "Dual credit fees" means any fees charged to a  
22 student for participation in college in the high school under RCW  
23 28A.600.290 or running start under RCW 28A.600.310.

24 ((+6)) (7) "Eligible beneficiary" means the person ((for whom  
25 the tuition unit will be redeemed for attendance at an institution of  
26 higher education, participation in college in the high school under  
27 RCW 28A.600.290, or participation in running start under RCW  
28 28A.600.310. The beneficiary is that person named by the purchaser at  
29 the time that a tuition unit contract is accepted by the governing  
30 body)) designated as the individual whose education expenses are to  
31 be paid from the advanced college tuition payment program or the  
32 college savings program. Qualified organizations, as allowed under  
33 section 529 of the federal internal revenue code, purchasing tuition  
34 unit contracts as future scholarships need not designate a  
35 beneficiary at the time of purchase.

36 ((+7)) (8) "Eligible contributor" means an individual or  
37 organization that contributes money for the purchase of tuition  
38 units, and for an individual college savings program account  
39 established pursuant to this chapter for an eligible beneficiary.

1       (9) "Eligible purchaser" means an individual or organization that  
2 has entered into a tuition unit contract with the governing body for  
3 the purchase of tuition units in the advanced college tuition payment  
4 program for an eligible beneficiary, or that has entered into a  
5 participant college savings program account contract for an eligible  
6 beneficiary. The state of Washington may be an eligible purchaser for  
7 purposes of purchasing tuition units to be held for granting  
8 Washington college bound scholarships.

9       ~~((+8))~~ (10) "Full-time tuition charges" means resident tuition  
10 charges at a state institution of higher education for enrollments  
11 between ten credits and eighteen credit hours per academic term.

12       ~~((+9))~~ (11) "Governing body" means the committee empowered by  
13 the legislature to administer the Washington advanced college tuition  
14 payment program and the Washington college savings program.

15       ~~((+10))~~ (12) "Individual college savings program account" means  
16 the formal record of transactions relating to a Washington college  
17 savings program beneficiary.

18       (13) "Institution of higher education" means an institution that  
19 offers education beyond the secondary level and is recognized by the  
20 internal revenue service under chapter 529 of the internal revenue  
21 code.

22       ~~((+11))~~ (14) "Investment board" means the state investment board  
23 as defined in chapter 43.33A RCW.

24       ~~((+12))~~ (15) "Investment manager" means the state investment  
25 board, another state, or any other entity as selected by the  
26 governing body, including another college savings plan established  
27 pursuant to section 529 of the internal revenue code.

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

30       ~~((+13))~~ (17) "Owner" means the eligible purchaser or the  
31 purchaser's successor in interest who shall have the exclusive  
32 authority to make decisions with respect to the tuition unit contract  
33 or the individual college savings program contract. The owner has  
34 exclusive authority and responsibility to establish and change the  
35 asset investment options for a beneficiaries' individual college  
36 savings program account.

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

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

3        ~~((14))~~ (20) "Tuition and fees" means undergraduate tuition and  
4 services and activities fees as defined in RCW 28B.15.020 and  
5 28B.15.041 rounded to the nearest whole dollar. For purposes of this  
6 chapter, services and activities fees do not include fees charged for  
7 the payment of bonds heretofore or hereafter issued for, or other  
8 indebtedness incurred to pay, all or part of the cost of acquiring,  
9 constructing, or installing any lands, buildings, or facilities.

10        ~~((15))~~ (21) "Tuition unit contract" means a contract between an  
11 eligible purchaser and the governing body, or a successor agency  
12 appointed for administration of this chapter, for the purchase of  
13 tuition units in the advanced college tuition payment program for a  
14 specified beneficiary that may be redeemed at a later date for an  
15 equal number of tuition units, except as provided in RCW  
16 28B.95.030(7).

17        ~~((16))~~ (22) "Unit purchase price" means the minimum cost to  
18 purchase one tuition unit in the advanced college tuition payment  
19 program for an eligible beneficiary. Generally, the minimum purchase  
20 price is one percent of the undergraduate tuition and fees for the  
21 current year, rounded to the nearest whole dollar, adjusted for the  
22 costs of administration and adjusted to ensure the actuarial  
23 soundness of the account. The analysis for price setting shall also  
24 include, but not be limited to consideration of past and projected  
25 patterns of tuition increases, program liability, past and projected  
26 investment returns, and the need for a prudent stabilization reserve.

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

29        The office shall maintain appropriate offices and employ and fix  
30 compensation of such personnel as may be necessary to perform the  
31 advanced college tuition payment program and the Washington college  
32 savings program duties. The office shall consult with the governing  
33 body on the selection, compensation, and other issues relating to the  
34 employment of the program director. The positions are exempt from  
35 classified service under chapter 41.06 RCW. The employees shall be  
36 employees of the office.

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

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

4 (2) The Washington college savings program shall consist of the  
5 college savings program account and the individual college savings  
6 program accounts, and shall allow an eligible purchaser to establish  
7 an individual college savings program account for an eligible  
8 beneficiary whereby the money in the account may be invested and used  
9 for enrollment at any institution of higher education that is  
10 recognized by the internal revenue service under chapter 529 of the  
11 internal revenue code. Money in the account may also be used to pay  
12 for dual credit fees.

13 (3) The Washington college savings program is open to eligible  
14 purchasers and eligible beneficiaries who are residents or  
15 nonresidents of Washington state.

16 (4) The Washington college savings program shall not require  
17 eligible purchasers to make an initial minimum contribution in any  
18 amount that exceeds twenty-five dollars when establishing a new  
19 account.

20 (5) The committee may contract with other state or nonstate  
21 entities that are authorized to do business in the state for the  
22 investment of moneys in the college savings program, including other  
23 college savings plans established pursuant to section 529 of the  
24 internal revenue code. The investment of eligible contributors'  
25 deposits may be in credit unions, savings and loan associations,  
26 banks, mutual savings banks, purchase life insurance, shares of an  
27 investment company, individual securities, fixed annuity contracts,  
28 variable annuity contracts, any insurance company, other 529 plans,  
29 or any investment company licensed to contract business in this  
30 state.

31 (6) The governing body shall determine the conditions under which  
32 control or the beneficiary of an individual college savings program  
33 account may be transferred to another family member. In permitting  
34 such transfers, the governing body may not allow the individual  
35 college savings program account to be bought, sold, bartered, or  
36 otherwise exchanged for goods and services by either the beneficiary  
37 or the purchaser.

38 (7) The governing body shall promote, advertise, and publicize  
39 the Washington college savings program.

1 (8) The governing body shall develop materials to educate  
2 potential account owners and beneficiaries on (a) the differences  
3 between the advanced college tuition payment program and the  
4 Washington college savings program, and (b) how the two programs can  
5 complement each other to save towards the full cost of attending  
6 college.

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

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

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

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

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

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

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

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

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

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

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

38 (k) Contract with financial consultants, actuaries, auditors, and  
39 other consultants as necessary to carry out its responsibilities  
40 under this chapter;

1           (1) Solicit and accept gifts, bequests, cash donations, and  
2 grants from any person, governmental agency, private business, or  
3 organization; and

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

7           (10) It is the intent of the legislature to establish policy  
8 goals for the Washington college savings program. The policy goals  
9 established under this section are deemed consistent with creating a  
10 nationally competitive 529 savings plan. The Washington college  
11 savings program should support achievement of these policy goals:

12           (a) Process: To have an investment manager design a thoughtful,  
13 well-diversified glide path for age-based portfolios and offer a  
14 robust suite of investment options;

15           (b) People: To have a well-resourced, talented, and long-tenured  
16 investment manager;

17           (c) Parent: To demonstrate that the committee is a good caretaker  
18 of college savers' capital and can manage the plan professionally;

19           (d) Performance: To demonstrate that the program's options have  
20 earned their keep with solid risk-adjusted returns over relevant time  
21 periods; and

22           (e) Price: To demonstrate that the investment options are a good  
23 value.

24           (11) The powers, duties, and functions of the Washington college  
25 savings program must be performed in a manner consistent with the  
26 policy goals in subsection (10) of this section.

27           (12) The policy goals in this section are intended to be the  
28 basis for establishing detailed and measurable objectives and related  
29 performance measures.

30           (13) It is the intent of the legislature that the committee  
31 establish objectives and performance measures for the investment  
32 manager to progress toward the attainment of the policy goals in  
33 subsection (10) of this section. The committee shall submit  
34 objectives and performance measures to the legislature for its review  
35 and shall provide an updated report on the objectives and measures  
36 before the regular session of the legislature during even-numbered  
37 years thereafter.

38           NEW SECTION.   **Sec. 5.** A new section is added to chapter 28B.95  
39 RCW to read as follows:

1 (1) The committee shall create an expedited process by which  
2 owners can complete a direct rollover of a 529 account from (a) a  
3 state-sponsored prepaid tuition plan to a state-sponsored college  
4 savings plan, (b) a state-sponsored college savings plan to a state-  
5 sponsored prepaid tuition plan, or (c) a state-sponsored prepaid  
6 tuition plan or a state-sponsored college savings plan to an out-of-  
7 state eligible 529 plan.

8 (2) The committee shall report annually to the governor and the  
9 appropriate committees of the legislature on (a) the number of  
10 accounts that have been rolled into the Washington college savings  
11 program from out of state and (b) the number of accounts rolled out  
12 of the Washington college savings program to 529 plans into other  
13 states.

14 **Sec. 6.** RCW 28B.95.035 and 1998 c 69 s 3 are each amended to  
15 read as follows:

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

21 **Sec. 7.** RCW 28B.95.040 and 2011 1st sp.s. c 11 s 171 are each  
22 amended to read as follows:

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

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

1 Washington college savings program accounts if purchased as  
2 scholarships.

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

11 NEW SECTION. **Sec. 8.** A new section is added to chapter 28B.95  
12 RCW to read as follows:

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

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

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

1 account. The legislature may make appropriations into the account for  
2 the purpose of reducing program administration costs.

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

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

13 **Sec. 9.** RCW 28B.95.080 and 2011 1st sp.s. c 12 s 3 are each  
14 amended to read as follows:

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

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

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

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

34 The governing body shall begin and continue to accept  
35 applications for new tuition unit contracts and authorize the sale of  
36 new tuition units by July 1, 2017. Upon reopening the advanced  
37 college tuition payment program, in any year in which the total  
38 annual sale of tuition units is below five hundred thousand, the

1 governing body shall determine how to reinvigorate the advanced  
2 college tuition payment program to incentivize Washingtonians to  
3 enter into tuition unit contracts and purchase tuition units.

4 **Sec. 11.** RCW 28B.95.090 and 2005 c 272 s 3 are each amended to  
5 read as follows:

6 (1) In the event that the ((state)) legislature determines that  
7 the advanced college tuition payment program is not financially  
8 feasible, or for any other reason, the ((state)) legislature may  
9 declare the discontinuance of the program. At the time of such  
10 declaration, the governing body will cease to accept any further  
11 tuition unit contracts or purchases.

12 (2) The remaining tuition units for all beneficiaries who have  
13 either enrolled in higher education or who are within four years of  
14 graduation from a secondary school shall be honored until such  
15 tuition units have been exhausted, or for ten fiscal years from the  
16 date that the program has been discontinued, whichever comes first.  
17 All other contract holders shall receive a refund equal to the value  
18 of the current tuition units in effect at the time that the program  
19 was declared discontinued.

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

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

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

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

33 (1) The investment manager has the full power to invest,  
34 reinvest, manage, contract, sell, or exchange investment money in the  
35 Washington college savings program without limitation as to the  
36 amount pursuant to RCW 43.84.150 and 43.33A.140. All investment and  
37 operating costs associated with the investment of money must be paid  
38 to the investment manager as allowed by RCW 43.33A.160 and 43.84.160.

1 With the exception of these expenses and the administrative costs  
2 authorized in sections 4 and 8 of this act, one hundred percent of  
3 all earnings from investments accrue directly to the owner of the  
4 individual college savings program account.

5 (2) The governing body may allow owners to self-direct the  
6 investment of moneys in individual college savings program accounts  
7 through the selection of investment options. The governing body may  
8 provide plans that it deems are in the interests of the owners and  
9 beneficiaries.

10 (a) The investment manager, after consultation with the governing  
11 body, shall provide a set of options for owners to choose from for  
12 investment of individual college savings program account  
13 contributions.

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

17 (3) Annually on each December 1st, the committee shall report to  
18 the governor and the appropriate committees of the legislature  
19 regarding the total fees charged to each investment option offered in  
20 the Washington college savings program. It is the intent of the  
21 legislature that fees charged to the owner not exceed one-half of one  
22 percent for any investment option on an annual basis.

23 (4) In the next succeeding legislative session following receipt  
24 of a report required under subsection (3) of this section, the  
25 appropriate committees of the legislature shall review the report and  
26 consider whether any legislative action is necessary with respect to  
27 the investment option with fees that exceed one-half of one percent,  
28 including but not limited to consideration of whether any legislative  
29 action is necessary with respect to reducing the fees and expenses  
30 associated with the underlying investment option. With the exception  
31 of fees associated with the administration of the program authorized  
32 in sections 4 and 8 of this act, all moneys in the college savings  
33 program account, all property and rights purchased with the account,  
34 and all income attributable to the account, shall be held in trust  
35 for the exclusive benefit of the owners and their eligible  
36 beneficiaries.

37 (5) All investments made by the investment manager shall be made  
38 with the exercise of that degree of judgment and care expressed in  
39 chapter 43.33A RCW.

1 (6) As deemed appropriate by the investment manager, money in the  
2 Washington college savings program account may be commingled for  
3 investment with other funds subject to investment by the investment  
4 manager.

5 (7) The authority to establish all policies relating to the  
6 Washington college savings program and the Washington college savings  
7 program account, other than investment policies resides with the  
8 governing body. With the exception of expenses of the investment  
9 manager as provided in subsection (1) of this section, disbursements  
10 from the Washington college savings program account shall be made  
11 only on the authorization of the governing body or its designee, and  
12 moneys in the account may be spent only for the purposes of the  
13 Washington college savings program as specified in this chapter.

14 (8) The investment manager shall routinely consult and  
15 communicate with the governing body on the investment policy,  
16 earnings of the trust, and related needs of the Washington college  
17 savings program.

18 **Sec. 13.** RCW 28B.95.100 and 2000 c 14 s 7 are each amended to  
19 read as follows:

20 (1) The governing body, in planning and devising the advanced  
21 college tuition payment program and the Washington college savings  
22 program, shall consult with the investment board, the state  
23 treasurer, the office of financial management, and the institutions  
24 of higher education.

25 (2) The governing body may seek the assistance of the state  
26 agencies named in subsection (1) of this section, private financial  
27 institutions, and any other qualified party with experience in the  
28 areas of accounting, actuary, risk management, or investment  
29 management to assist with preparing an accounting of the programs and  
30 ensuring the fiscal soundness of the advanced college tuition payment  
31 program account and the Washington college savings program account.

32 (3) State agencies and public institutions of higher education  
33 shall fully cooperate with the governing body in matters relating to  
34 the programs in order to ensure the solvency of the advanced college  
35 tuition payment account and the Washington college savings program  
36 account and ability of the governing body to meet outstanding  
37 commitments.

1        NEW SECTION.    **Sec. 14.**    A new section is added to chapter 28B.95

2    RCW to read as follows:

3        The intent of the Washington college savings program is to make  
4    distributions from individual college savings program accounts for  
5    beneficiaries' attendance at public or private institutions of higher  
6    education. Federal penalties and taxes associated with 529 savings  
7    plan refunds may apply to any refund issued by the Washington college  
8    savings plan. Refunds shall be issued under specific conditions that  
9    may include the following:

10        (1) Certification that the beneficiary, who is eighteen years of  
11    age or older, will not attend a public or private institution of  
12    higher education, will result in a refund not to exceed the current  
13    value at the time of such certification. The refund shall be made no  
14    sooner than ninety days after such certification, less any  
15    administrative processing fees assessed by the governing body;

16        (2) If there is certification of the death or disability of the  
17    beneficiary, the refund shall be equal to one hundred percent of the  
18    current value at the time that such certification is submitted to the  
19    governing body, less any administrative processing fees assessed by  
20    the governing body;

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

28        (4) If there is certification of other tuition and fee  
29    scholarships that will cover the cost of tuition for the eligible  
30    beneficiary, the refund may not exceed the value of the scholarship  
31    or scholarships, less any administrative processing fees assessed by  
32    the governing body;

33        (5) Incorrect or misleading information provided by the purchaser  
34    or beneficiaries may result in a refund of the purchaser's and  
35    contributors' contributions, less any administrative processing fees  
36    assessed by the governing body. The value of the refund must not  
37    exceed the actual dollar value of the purchaser's or contributors'  
38    contributions; and

39        (6) The governing body may determine other circumstances  
40    qualifying for refunds of remaining unused participant Washington

1 college savings program account balances and may determine the value  
2 of that refund.

3 NEW SECTION. **Sec. 15.** A new section is added to chapter 28B.95  
4 RCW to read as follows:

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

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

11 (1) The committee may establish a college savings program. If  
12 such a program is established, the college savings program shall be  
13 established, in such form as may be determined by the committee, to  
14 be a qualified state tuition program as defined by the internal  
15 revenue service under section 529 of the internal revenue code, and  
16 shall be administered in a manner consistent with the Washington  
17 advanced college tuition payment program. The committee, in planning  
18 and devising the program, shall consult with the state investment  
19 board, the state treasurer, the state actuary, the legislative fiscal  
20 and higher education committees, and the institutions of higher  
21 education. The governing body may, at its discretion, consult with a  
22 qualified actuarial consulting firm with appropriate expertise to  
23 evaluate such plans for periodic assessments of the program.

24 (2) Up to two hundred thousand dollars of administrative fees  
25 collected from guaranteed education tuition program participants may  
26 be applied as a loan to fund the development and start-up of a  
27 college savings program. This loan must be repaid with interest  
28 before the conclusion of the biennium following the biennium in which  
29 the committee draws funds for this purpose from the advanced college  
30 tuition payment program account.

31 (3) The committee, after consultation with the state investment  
32 board or other contracted investment manager, shall determine the  
33 investment policies for the college savings program. Program  
34 contributions may be invested by the state investment board, in which  
35 case it and not the committee shall determine the investment policies  
36 for the college savings program, or the committee may contract with  
37 an investment company licensed to conduct business in this state to  
38 do the investing. The committee shall keep or cause to be kept full

1 and adequate accounts and records of the assets of each individual  
2 participant in the college savings program.

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

8 (b) Members of the state investment board and its officers and  
9 employees are not liable to the state, to the fund, or to any other  
10 person as a result of their activities as members, whether  
11 ministerial or discretionary, except for willful dishonesty or  
12 intentional violations of law. The state investment board in its  
13 discretion may purchase liability insurance for members.

14 (c) If selected by the governing body to be the investment  
15 manager, the state investment board retains all authority to  
16 establish all investment policies relating to the investment of  
17 college savings program moneys.

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

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

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

32 ~~((+5))~~ (7) The committee shall adopt rules to implement this  
33 section. Such rules shall include but not be limited to  
34 administration, investment management, recordkeeping, promotion, and  
35 marketing; compliance with internal revenue service standards and  
36 applicable securities regulations; application procedures and fees;  
37 start-up costs; phasing in the savings program and withdrawals  
38 therefrom; deterrents to early withdrawals and provisions for  
39 hardship withdrawals; and reenrollment in the savings program after  
40 withdrawal.

1       (~~(6)~~) (8) The committee may, at its discretion, determine to  
2 cease operation of the college savings program if it determines the  
3 continuation is not in the best interest of the state. The committee  
4 shall adopt rules to implement this section addressing the orderly  
5 distribution of assets.

6       **Sec. 17.** RCW 28B.95.900 and 1997 c 289 s 11 are each amended to  
7 read as follows:

8       This chapter shall not be construed as a promise that any  
9 beneficiary shall be granted admission to any institution of higher  
10 education, will earn any specific or minimum number of academic  
11 credits, or will graduate from any such institution. In addition,  
12 this chapter shall not be construed as a promise of either course or  
13 program availability.

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

20       This chapter shall not be construed to imply that the redemption  
21 of tuition units in the advanced college tuition payment program  
22 shall be equal to any value greater than the undergraduate tuition  
23 and services and activities fees at a state institution of higher  
24 education as computed under this chapter. Eligible beneficiaries will  
25 be responsible for payment of any other fee that does not qualify as  
26 a services and activities fee including, but not limited to, any  
27 expenses for tuition surcharges, tuition overload fees, laboratory  
28 fees, equipment fees, book fees, rental fees, room and board charges,  
29 or fines.

30       **Sec. 18.** RCW 43.33A.135 and 2010 1st sp.s. c 7 s 36 are each  
31 amended to read as follows:

32       The state investment board has the full power to establish  
33 investment policy, develop participant investment options, and manage  
34 investment funds for the college savings program, if the committee on  
35 advanced tuition payment and college savings selects the state  
36 investment board as the investment manager pursuant to section 4 of  
37 this act, and for the state deferred compensation plan, consistent  
38 with the provisions of RCW 41.50.770 and 41.50.780. The board may

1 continue to offer the investment options provided as of June 11,  
2 1998, until the board establishes a deferred compensation plan  
3 investment policy and adopts new investment options after considering  
4 the recommendations of the department of retirement systems.

5 **Sec. 19.** RCW 43.33A.190 and 2000 c 247 s 701 are each amended to  
6 read as follows:

7 (~~Pursuant to RCW 41.34.130,~~) The state investment board shall  
8 invest all self-directed investment moneys under teachers' retirement  
9 system plan 3, the school employees' retirement system plan 3, and  
10 the public employees' retirement system plan 3 pursuant to RCW  
11 41.34.130 and under the college savings program, if the committee on  
12 advanced tuition payment and college savings selects the state  
13 investment board as the investment manager pursuant to section 4 of  
14 this act, with full power to establish investment policy, develop  
15 investment options, and manage self-directed investment funds.

16 **Sec. 20.** RCW 43.79A.040 and 2013 c 251 s 5 and 2013 c 88 s 1 are  
17 each reenacted and amended to read as follows:

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

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

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

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

37 (b) The following accounts and funds must receive their  
38 proportionate share of earnings based upon each account's or fund's

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

37 (c) The following accounts and funds must receive eighty percent  
38 of their proportionate share of earnings based upon each account's or  
39 fund's average daily balance for the period: The advanced right-of-  
40 way revolving fund, the advanced environmental mitigation revolving

1 account, the federal narcotics asset forfeitures account, the high  
2 occupancy vehicle account, the local rail service assistance account,  
3 and the miscellaneous transportation programs account.

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

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

14 NEW SECTION. **Sec. 21.** If specific funding for the purposes of  
15 this act, referencing this act by bill or chapter number, is not  
16 provided by June 30, 2016, in the omnibus appropriations act, this  
17 act is null and void."

18 Correct the title.

EFFECT: Requires the Committee on Advanced Tuition Payment and  
College Savings (Committee) to begin and continue to accept  
applications for new tuition unit contracts and authorize the sale of  
new tuition units by July 1, 2017.

Requires the Committee to determine how to reinvigorate the  
Advanced College Tuition Payment Program, more commonly known as the  
Guaranteed Education Tuition (GET) program, in any year in which the  
total annual sales of tuition units is below 500,000.

Changes the authority to discontinue the GET Program from the  
"governing body" to the "legislature" if the program is deemed not  
financially feasible.

Clarifies that federal penalties and taxes associated with 529  
college savings plan refunds would apply to any refund issued by the  
Committee, rather than just a refund in which a beneficiary 18 years  
of age or older certifies that he or she will not attend an  
institution of higher education.

Clarifies that if certification of other tuition and fee  
scholarships that cover the cost of tuition for the eligible  
beneficiary is presented, the refund issued may not exceed the value  
of the scholarship or scholarships, less any administrative fees,  
rather than 100 percent of the current value of the account at the  
time of the refund request.

Requires the State Investment Board to be selected by the  
Committee to be the investment manager for the Washington College  
Savings Program (program) in order to have full power to establish

investment policies, investment options, and manage investments for the program.

--- END ---