
SUBSTITUTE SENATE BILL 6601

State of Washington 64th Legislature 2016 Regular Session

By Senate Higher Education (originally sponsored by Senators Frockt, Bailey, Braun, Mullet, Carlyle, and McAuliffe)

READ FIRST TIME 02/05/16.

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; and adding new sections to chapter 28B.95 RCW.

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

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

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

14 (2) The Washington college savings program is established to
15 provide an additional financial option for individuals,
16 organizations, and families to save for college.

17 (3) These programs are designed to encourage savings and enhance
18 the ability of Washington citizens to obtain financial access to
19 institutions of higher education. In addition, the programs
20 encourage(~~s~~) elementary and secondary school students to do well in
21 school as a means of preparing for and aspiring to higher education

1 attendance. (~~This program is~~) These programs are intended to
2 promote a well-educated and financially secure population to the
3 ultimate benefit of all citizens of the state of Washington.

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

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

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

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

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

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

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

34 (~~(5)~~) (6) "Dual credit fees" means any fees charged to a
35 student for participation in college in the high school under RCW
36 28A.600.290 or running start under RCW 28A.600.310.

37 (~~(6)~~) (7) "Eligible beneficiary" means the person (~~for whom~~
38 ~~the tuition unit will be redeemed for attendance at an institution of~~
39 ~~higher education, participation in college in the high school under~~

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

10 ~~((7))~~ (8) "Eligible contributor" means an individual or
11 organization that contributes money for the purchase of tuition
12 units, and for an individual college savings account established
13 pursuant to this chapter for an eligible beneficiary.

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

22 ~~((8))~~ (10) "Full-time tuition charges" means resident tuition
23 charges at a state institution of higher education for enrollments
24 between ten credits and eighteen credit hours per academic term.

25 ~~((9))~~ (11) "Governing body" means the committee empowered by
26 the legislature to administer the Washington advanced college tuition
27 payment program and the Washington college savings program.

28 ~~((10))~~ (12) "Individual college savings program account" means
29 the formal record of transactions relating to a Washington college
30 savings program beneficiary.

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

35 ~~((11))~~ (14) "Investment board" means the state investment board
36 as defined in chapter 43.33A RCW.

37 ~~((12))~~ (15) "Investment manager" means the state investment
38 board, another state, or any other entity as selected by the
39 governing body, including another college savings plan established
40 pursuant to section 529 of the internal revenue code.

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

3 ~~((13))~~ (17) "Owner" means the eligible purchaser or the
4 purchaser's successor in interest who shall have the exclusive
5 authority to make decisions with respect to the tuition unit contract
6 or the individual college savings program contract. The owner has
7 exclusive authority and responsibility to establish and change the
8 asset investment options for a beneficiaries' individual college
9 savings program account.

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

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

15 ~~((14))~~ (20) "Tuition and fees" means undergraduate tuition and
16 services and activities fees as defined in RCW 28B.15.020 and
17 28B.15.041 rounded to the nearest whole dollar. For purposes of this
18 chapter, services and activities fees do not include fees charged for
19 the payment of bonds heretofore or hereafter issued for, or other
20 indebtedness incurred to pay, all or part of the cost of acquiring,
21 constructing, or installing any lands, buildings, or facilities.

22 ~~((15))~~ (21) "Tuition unit contract" means a contract between an
23 eligible purchaser and the governing body, or a successor agency
24 appointed for administration of this chapter, for the purchase of
25 tuition units in the advanced college tuition payment program for a
26 specified beneficiary that may be redeemed at a later date for an
27 equal number of tuition units, except as provided in RCW
28 28B.95.030(7).

29 ~~((16))~~ (22) "Unit purchase price" means the minimum cost to
30 purchase one tuition unit in the advanced college tuition payment
31 program for an eligible beneficiary. Generally, the minimum purchase
32 price is one percent of the undergraduate tuition and fees for the
33 current year, rounded to the nearest whole dollar, adjusted for the
34 costs of administration and adjusted to ensure the actuarial
35 soundness of the account. The analysis for price setting shall also
36 include, but not be limited to consideration of past and projected
37 patterns of tuition increases, program liability, past and projected
38 investment returns, and the need for a prudent stabilization reserve.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

36 The governing body may establish a scholarship fund with moneys
37 from the Washington advanced college tuition payment program account.
38 A scholarship fund established under this authority shall be

1 administered by the office and shall be provided to students who
2 demonstrate financial need. Financial need is not a criterion that
3 any other organization need consider when using tuition units as
4 scholarships. The office also may establish its own corporate-
5 sponsored scholarship fund under this chapter.

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

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

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

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

36 (4) With regard to the assets of the account, the state acts in a
37 fiduciary, not ownership, capacity. Therefore the assets of the
38 program are not considered state money, common cash, or revenue to
39 the state.

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

3 The governing body shall annually evaluate, and cause to be
4 evaluated by the state actuary, the soundness of the advanced college
5 tuition payment program account and determine the additional assets
6 needed, if any, to defray the obligations of the account. The
7 governing body may, at its discretion, consult with a nationally
8 recognized actuary for periodic assessments of the account.

9 If funds are determined by the governing body, based on actuarial
10 analysis to be insufficient to ensure the actuarial soundness of the
11 account, the governing body shall adjust the price of subsequent
12 tuition credit purchases to ensure its soundness.

13 If there are insufficient numbers of new purchases to ensure the
14 actuarial soundness of the account, the governing body shall request
15 such funds from the legislature as are required to ensure the
16 integrity of the program. Funds may be appropriated directly to the
17 account or appropriated under the condition that they be repaid at a
18 later date. The repayment shall be made at such time that the account
19 is again determined to be actuarially sound.

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

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

27 (2) The remaining tuition units for all beneficiaries who have
28 either enrolled in higher education or who are within four years of
29 graduation from a secondary school shall be honored until such
30 tuition units have been exhausted, or for ten fiscal years from the
31 date that the program has been discontinued, whichever comes first.
32 All other contract holders shall receive a refund equal to the value
33 of the current tuition units in effect at the time that the program
34 was declared discontinued.

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

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

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

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

10 (1) The investment manager has the full power to invest,
11 reinvest, manage, contract, sell, or exchange investment money in the
12 Washington college savings program without limitation as to the
13 amount pursuant to RCW 43.84.150 and 43.33A.140. All investment and
14 operating costs associated with the investment of money must be paid
15 to the investment manager as allowed by RCW 43.33A.160 and 43.84.160.
16 With the exception of these expenses, one hundred percent of all
17 earnings from investments accrue directly to the owner of the
18 individual college savings program account.

19 (2) The governing body may allow owners to self-direct the
20 investment of moneys in individual college savings program accounts
21 through the selection of investment options. The governing body may
22 provide plans that it deems are in the interests of the owners and
23 beneficiaries.

24 (a) The investment manager, after consultation with the governing
25 body, shall provide a set of options for owners to choose from for
26 investment of individual college savings program account
27 contributions.

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

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

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

38 (5) As deemed appropriate by the investment manager, money in the
39 Washington college savings program account may be commingled for

1 investment with other funds subject to investment by the investment
2 manager.

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

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

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

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

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

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

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

1 The intent of the Washington college savings program is to make
2 distributions from individual college savings program accounts for
3 beneficiaries' attendance at public or private institutions of higher
4 education. Refunds shall be issued under specific conditions that may
5 include the following:

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

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

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

25 (4) If there is certification of other tuition and fee
26 scholarships that will cover the cost of tuition for the eligible
27 beneficiary, the refund shall be equal to one hundred percent of the
28 current value in effect at the time of the refund request, less any
29 administrative processing fees assessed by the governing body. The
30 refund under this subsection may not exceed the value of the
31 scholarship;

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

38 (6) The governing body may determine other circumstances
39 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. 13.** 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. 14.** 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) The state investment board retains all authority to establish
15 all investment policies relating to the investment of college savings
16 program moneys.

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

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

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

31 ~~((+5))~~ (7) The committee shall adopt rules to implement this
32 section. Such rules shall include but not be limited to
33 administration, investment management, recordkeeping, promotion, and
34 marketing; compliance with internal revenue service standards and
35 applicable securities regulations; application procedures and fees;
36 start-up costs; phasing in the savings program and withdrawals
37 therefrom; deterrents to early withdrawals and provisions for
38 hardship withdrawals; and reenrollment in the savings program after
39 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. 15.** 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. 16.** 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 pursuant to RCW
35 28B.95.010 and for the state deferred compensation plan, consistent
36 with the provisions of RCW 41.50.770 and 41.50.780. The board may
37 continue to offer the investment options provided as of June 11,
38 1998, until the board establishes a deferred compensation plan

1 investment policy and adopts new investment options after considering
2 the recommendations of the department of retirement systems.

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

5 (~~Pursuant to RCW 41.34.130,~~) The state investment board shall
6 invest all self-directed investment moneys under teachers' retirement
7 system plan 3, the school employees' retirement system plan 3, and
8 the public employees' retirement system plan 3 pursuant to RCW
9 41.34.130 and under the college savings program pursuant to RCW
10 28B.95.010 with full power to establish investment policy, develop
11 investment options, and manage self-directed investment funds.

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

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

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

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

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

33 (b) The following accounts and funds must receive their
34 proportionate share of earnings based upon each account's or fund's
35 average daily balance for the period: The Washington promise
36 scholarship account, the Washington advanced college tuition payment
37 program account, the Washington college savings plan account, the
38 accessible communities account, the community and technical college

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

33 (c) The following accounts and funds must receive eighty percent
34 of their proportionate share of earnings based upon each account's or
35 fund's average daily balance for the period: The advanced right-of-
36 way revolving fund, the advanced environmental mitigation revolving
37 account, the federal narcotics asset forfeitures account, the high
38 occupancy vehicle account, the local rail service assistance account,
39 and the miscellaneous transportation programs account.

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

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

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