
ENGROSSED SECOND SUBSTITUTE SENATE BILL 6601

State of Washington

64th Legislature

2016 Regular Session

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

READ FIRST TIME 02/09/16.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

34 (5) The committee may contract with other state or nonstate
35 entities that are authorized to do business in the state for the
36 investment of moneys in the college savings program, including other
37 college savings plans established pursuant to section 529 of the
38 internal revenue code. The investment of eligible contributors'

1 deposits may be in credit unions, savings and loan associations,
2 banks, mutual savings banks, purchase life insurance, shares of an
3 investment company, individual securities, fixed annuity contracts,
4 variable annuity contracts, any insurance company, other 529 plans,
5 or any investment company licensed to contract business in this
6 state.

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

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

16 (8) The governing body shall develop materials to educate
17 potential account owners and beneficiaries on (a) the differences
18 between the advanced college tuition payment program and the
19 Washington college savings program, and (b) how the two programs can
20 complement each other to save towards the full cost of attending
21 college.

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

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

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

28 (c) Establish incentives to encourage participation in the
29 Washington college savings program to include but not be limited to
30 entering into agreements with any public or private employer under
31 which an employee may agree to have a designated amount deducted in
32 each payroll period from the wages due the employee for the purpose
33 of making contributions to a participant college savings program
34 account;

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

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

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

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

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

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

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

13 (k) Contract with financial consultants, actuaries, auditors, and
14 other consultants as necessary to carry out its responsibilities
15 under this chapter;

16 (l) Solicit and accept gifts, bequests, cash donations, and
17 grants from any person, governmental agency, private business, or
18 organization; and

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

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

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

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

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

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

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

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

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

7 (13) It is the intent of the legislature that the committee
8 establish objectives and performance measures for the investment
9 manager to progress toward the attainment of the policy goals in
10 subsection (10) of this section. The committee shall submit
11 objectives and performance measures to the legislature for its review
12 and shall provide an updated report on the objectives and measures
13 before the regular session of the legislature during even-numbered
14 years thereafter.

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

17 (1) The committee shall create an expedited process by which
18 owners can complete a direct rollover of a 529 account from (a) a
19 state-sponsored prepaid tuition plan to a state-sponsored college
20 savings plan, (b) a state-sponsored college savings plan to a state-
21 sponsored prepaid tuition plan, or (c) a state-sponsored prepaid
22 tuition plan or a state-sponsored college savings plan to an out-of-
23 state eligible 529 plan.

24 (2) The committee shall report annually to the governor and the
25 appropriate committees of the legislature on (a) the number of
26 accounts that have been rolled into the Washington college savings
27 program from out of state and (b) the number of accounts rolled out
28 of the Washington college savings program to 529 plans into other
29 states.

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

32 No member of the committee is liable for the negligence, default,
33 or failure of any other person or members of the committee to perform
34 the duties of office and no member may be considered or held to be an
35 insurer of the funds or assets of any of the advanced college tuition
36 payment program or any of the Washington college savings program.

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

3 The governing body may, at its discretion, allow an organization
4 to purchase tuition units or establish savings plans for future use
5 as scholarships. Such organizations electing to purchase tuition
6 units or establish Washington college savings program accounts for
7 this purpose must enter into a contract with the governing body
8 which, at a minimum, ensures that the scholarship shall be freely
9 given by the purchaser to a scholarship recipient. For such
10 purchases, the purchaser need not name a beneficiary until four
11 months before the date when the tuition units are first expected to
12 be used.

13 The governing body shall formulate and adopt such rules as are
14 necessary to determine which organizations may qualify to purchase
15 tuition units or establish Washington college savings program
16 accounts for scholarships under this section. The governing body also
17 may consider additional rules for the use of tuition units or
18 Washington college savings program accounts if purchased as
19 scholarships.

20 The governing body may establish a scholarship fund with moneys
21 from the Washington advanced college tuition payment program account.
22 A scholarship fund established under this authority shall be
23 administered by the office and shall be provided to students who
24 demonstrate financial need. Financial need is not a criterion that
25 any other organization need consider when using tuition units as
26 scholarships. The office also may establish its own corporate-
27 sponsored scholarship fund under this chapter.

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

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

34 (2) The governing body shall deposit in the account all moneys
35 received for the program. The account shall be self-sustaining and
36 consist of payments received for the purposes of college savings for
37 the beneficiary. With the exception of investment and operating costs
38 associated with the investment of money by a nonstate entity or paid
39 under RCW 43.08.190, 43.33A.160, and 43.84.160, the account shall be

1 credited with all investment income earned by the account.
2 Disbursements from the account are exempt from appropriations and the
3 allotment provisions of chapter 43.88 RCW. Money used for program
4 administration is subject to the allotment of all expenditures.
5 However, an appropriation is not required for such expenditures.
6 Program administration includes, but is not limited to: The salaries
7 and expenses of the Washington college savings program personnel
8 including lease payments, travel, and goods and services necessary
9 for program operation; contracts for Washington college savings
10 program promotion and advertisement, audits, and account management;
11 and other general costs of conducting the business of the Washington
12 college savings program.

13 (3) The account is authorized to maintain a cash deficit in the
14 account for a period no more than five fiscal years to defray its
15 initial program administration costs. By December 31, 2017, the
16 governing body shall establish a program administration spending plan
17 and a fee schedule to discharge any projected cash deficit to the
18 account. The legislature may make appropriations into the account for
19 the purpose of reducing program administration costs.

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

26 (5) With regard to the assets of the account, the state acts in a
27 fiduciary, not ownership, capacity. Therefore the assets of the
28 program are not considered state money, common cash, or revenue to
29 the state.

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

32 The governing body shall annually evaluate, and cause to be
33 evaluated by the state actuary, the soundness of the advanced college
34 tuition payment program account and determine the additional assets
35 needed, if any, to defray the obligations of the account. The
36 governing body may, at its discretion, consult with a nationally
37 recognized actuary for periodic assessments of the account.

38 If funds are determined by the governing body, based on actuarial
39 analysis to be insufficient to ensure the actuarial soundness of the

1 account, the governing body shall adjust the price of subsequent
2 tuition credit purchases to ensure its soundness.

3 If there are insufficient numbers of new purchases to ensure the
4 actuarial soundness of the account, the governing body shall request
5 such funds from the legislature as are required to ensure the
6 integrity of the program. Funds may be appropriated directly to the
7 account or appropriated under the condition that they be repaid at a
8 later date. The repayment shall be made at such time that the account
9 is again determined to be actuarially sound.

10 **Sec. 10.** RCW 28B.95.090 and 2005 c 272 s 3 are each amended to
11 read as follows:

12 (1) In the event that the ((state)) governing body determines
13 that the advanced college tuition payment program is not financially
14 feasible, or for any other reason, the ((state)) governing body may
15 declare the discontinuance of the program. At the time of such
16 declaration, the governing body will cease to accept any further
17 tuition unit contracts or purchases.

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

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

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

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

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

1 (1) The investment manager has the full power to invest,
2 reinvest, manage, contract, sell, or exchange investment money in the
3 Washington college savings program without limitation as to the
4 amount pursuant to RCW 43.84.150 and 43.33A.140. All investment and
5 operating costs associated with the investment of money must be paid
6 to the investment manager as allowed by RCW 43.33A.160 and 43.84.160.
7 With the exception of these expenses and the administrative costs
8 authorized in sections 4 and 8 of this act, one hundred percent of
9 all earnings from investments accrue directly to the owner of the
10 individual college savings program account.

11 (2) The governing body may allow owners to self-direct the
12 investment of moneys in individual college savings program accounts
13 through the selection of investment options. The governing body may
14 provide plans that it deems are in the interests of the owners and
15 beneficiaries.

16 (a) The investment manager, after consultation with the governing
17 body, shall provide a set of options for owners to choose from for
18 investment of individual college savings program account
19 contributions.

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

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

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

1 for the exclusive benefit of the owners and their eligible
2 beneficiaries.

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

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

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

19 (8) The investment manager shall routinely consult and
20 communicate with the governing body on the investment policy,
21 earnings of the trust, and related needs of the Washington college
22 savings program.

23 **Sec. 12.** RCW 28B.95.100 and 2000 c 14 s 7 are each amended to
24 read as follows:

25 (1) The governing body, in planning and devising the advanced
26 college tuition payment program and the Washington college savings
27 program, shall consult with the investment board, the state
28 treasurer, the office of financial management, and the institutions
29 of higher education.

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

37 (3) State agencies and public institutions of higher education
38 shall fully cooperate with the governing body in matters relating to
39 the programs in order to ensure the solvency of the advanced college

1 tuition payment account and the Washington college savings program
2 account and ability of the governing body to meet outstanding
3 commitments.

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

6 The intent of the Washington college savings program is to make
7 distributions from individual college savings program accounts for
8 beneficiaries' attendance at public or private institutions of higher
9 education. Refunds shall be issued under specific conditions that may
10 include the following:

11 (1) Certification that the beneficiary, who is eighteen years of
12 age or older, will not attend a public or private institution of
13 higher education, will result in a refund not to exceed the current
14 value at the time of such certification. The refund shall be made no
15 sooner than ninety days after such certification, less any
16 administrative processing fees assessed by the governing body.
17 Federal penalties and taxes associated with 529 savings plan refunds
18 may still apply;

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

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

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

38 (5) Incorrect or misleading information provided by the purchaser
39 or beneficiaries may result in a refund of the purchaser's and

1 contributors' contributions, less any administrative processing fees
2 assessed by the governing body. The value of the refund must not
3 exceed the actual dollar value of the purchaser's or contributors'
4 contributions; and

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

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

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

15 **Sec. 15.** RCW 28B.95.150 and 2012 c 198 s 16 are each amended to
16 read as follows:

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

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

37 (3) The committee, after consultation with the state investment
38 board or other contracted investment manager, shall determine the

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

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

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

20 (c) The state investment board retains all authority to establish
21 all investment policies relating to the investment of college savings
22 program moneys.

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

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

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

37 ((+5)) (7) The committee shall adopt rules to implement this
38 section. Such rules shall include but not be limited to
39 administration, investment management, recordkeeping, promotion, and
40 marketing; compliance with internal revenue service standards and

1 applicable securities regulations; application procedures and fees;
2 start-up costs; phasing in the savings program and withdrawals
3 therefrom; deterrents to early withdrawals and provisions for
4 hardship withdrawals; and reenrollment in the savings program after
5 withdrawal.

6 ~~((+6))~~ (8) 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 **Sec. 16.** RCW 28B.95.900 and 1997 c 289 s 11 are each amended to
12 read as follows:

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

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

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

35 **Sec. 17.** RCW 43.33A.135 and 2010 1st sp.s. c 7 s 36 are each
36 amended to read as follows:

37 The state investment board has the full power to establish
38 investment policy, develop participant investment options, and manage

1 investment funds for the college savings program pursuant to RCW
2 28B.95.010 and for the state deferred compensation plan, consistent
3 with the provisions of RCW 41.50.770 and 41.50.780. The board may
4 continue to offer the investment options provided as of June 11,
5 1998, until the board establishes a deferred compensation plan
6 investment policy and adopts new investment options after considering
7 the recommendations of the department of retirement systems.

8 **Sec. 18.** RCW 43.33A.190 and 2000 c 247 s 701 are each amended to
9 read as follows:

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

17 **Sec. 19.** RCW 43.79A.040 and 2013 c 251 s 5 and 2013 c 88 s 1 are
18 each reenacted and amended to read as follows:

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

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

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

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

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

39 (c) The following accounts and funds must receive eighty percent
40 of their proportionate share of earnings based upon each account's or

1 fund's average daily balance for the period: The advanced right-of-
2 way revolving fund, the advanced environmental mitigation revolving
3 account, the federal narcotics asset forfeitures account, the high
4 occupancy vehicle account, the local rail service assistance account,
5 and the miscellaneous transportation programs account.

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

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

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

--- END ---