
SUBSTITUTE SENATE BILL 5967

State of Washington 65th Legislature 2018 Regular Session

By Senate Higher Education & Workforce Development (originally sponsored by Senators Wilson and Palumbo)

READ FIRST TIME 02/01/18.

1 AN ACT Relating to Washington state's 529 college savings plans;
2 amending RCW 28B.95.020; and repealing RCW 28B.95.170.

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

4 **Sec. 1.** RCW 28B.95.020 and 2016 c 69 s 2 are each amended to
5 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) "Advisor sold" means a channel through which a broker dealer,
19 investment advisor, or other financial intermediary recommends the
20 Washington college savings program established pursuant to RCW

1 28B.95.010 to eligible investors and assists with the opening and
2 servicing of individual college savings program accounts.

3 (4) "College savings program account" means the Washington
4 college savings program account established pursuant to RCW
5 (~~28B.95.010~~) 28B.95.085.

6 (5)(a) "Committee on advanced tuition payment and college
7 savings" or "committee" means a committee of the following members:

8 (i) The state treasurer(~~(τ)~~) or the state treasurer's designee;

9 (ii) The director of (~~the office of~~) financial management(~~(τ)~~)
10 or the director's designee;

11 (iii) The director of the office(~~(τ)~~) or (~~their~~) the director's
12 designee(~~(sτ)~~);

13 (iv) Two ex officio members representing each of the two largest
14 caucuses of the house of representatives appointed by the majority
15 and minority leaders of their respective caucuses, with at least one
16 member from each caucus a member of the house of representatives
17 appropriations committee and at least one member from each caucus a
18 member of the house of representatives higher education committee;

19 (v) Two ex officio members representing each of the two largest
20 caucuses of the senate appointed by the majority and minority leaders
21 of their respective caucuses, with at least one member from each
22 caucus a member of the senate ways and means committee and at least
23 one member from each caucus a member of the senate higher education
24 committee; and

25 (vi) Two citizen members to be appointed by the governor, (~~one~~
26 representing)) with the consent of the senate. One of the citizen
27 members must represent program participants and (~~one~~) the other
28 must represent private business (~~representative~~) with marketing,
29 public relations, or financial expertise. By December 31, 2018, the
30 governor must appoint two new members to the committee. The two new
31 members appointed pursuant to this subsection (5)(a)(vi) shall each
32 serve a four-year term from the date of his or her appointment.

33 (b) Five voting members of the committee constitute a quorum for
34 the transaction of business. In case of a vacancy, or when an
35 appointment is made after the date of expiration of the term, the
36 vacancy shall be filled in the same manner as the initial appointment
37 and the successor shall fill the vacancy for the remainder of the
38 term.

1 (c) The committee shall appoint its own chair and vice chair. The
2 chair and vice chair must be legislative members and may not
3 represent the same political party or the same chamber.

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

10 (7) "Dual credit fees" means any fees charged to a student for
11 participation in college in the high school under RCW 28A.600.290 or
12 running start under RCW 28A.600.310.

13 (8) "Eligible beneficiary" means the person designated as the
14 individual whose education expenses are to be paid from the advanced
15 college tuition payment program or the college savings program.
16 Qualified organizations, as allowed under section 529 of the federal
17 internal revenue code, purchasing tuition unit contracts as future
18 scholarships need not designate a beneficiary at the time of
19 purchase.

20 (9) "Eligible contributor" means an individual or organization
21 that contributes money for the purchase of tuition units, and for an
22 individual college savings program account established pursuant to
23 this chapter for an eligible beneficiary.

24 (10) "Eligible purchaser" means an individual or organization
25 that has entered into a tuition unit contract with the governing body
26 for the purchase of tuition units in the advanced college tuition
27 payment program for an eligible beneficiary, or that has entered into
28 a participant college savings program account contract for an
29 eligible beneficiary. The state of Washington may be an eligible
30 purchaser for purposes of purchasing tuition units to be held for
31 granting Washington college bound scholarships.

32 (11) "Full-time tuition charges" means resident tuition charges
33 at a state institution of higher education for enrollments between
34 ten credits and eighteen credit hours per academic term.

35 (12) "Governing body" means the committee empowered by the
36 legislature to administer the Washington advanced college tuition
37 payment program and the Washington college savings program.

38 (13) "Individual college savings program account" means the
39 formal record of transactions relating to a Washington college
40 savings program beneficiary.

1 (14) "Institution of higher education" means an institution that
2 offers education beyond the secondary level and is recognized by the
3 internal revenue service under chapter 529 of the internal revenue
4 code.

5 (15) "Investment board" means the state investment board as
6 defined in chapter 43.33A RCW.

7 (16) "Investment manager" means the state investment board,
8 another state, or any other entity as selected by the governing body,
9 including another college savings plan established pursuant to
10 section 529 of the internal revenue code.

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

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

20 (19) "Participant college savings program account contract" means
21 a contract to participate in the Washington college savings program
22 between an eligible purchaser and the office.

23 (20) "State institution of higher education" means institutions
24 of higher education as defined in RCW 28B.10.016.

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

32 (22) "Tuition unit contract" means a contract between an eligible
33 purchaser and the governing body, or a successor agency appointed for
34 administration of this chapter, for the purchase of tuition units in
35 the advanced college tuition payment program for a specified
36 beneficiary that may be redeemed at a later date for an equal number
37 of tuition units, except as provided in RCW 28B.95.030(7).

38 (23) "Unit purchase price" means the minimum cost to purchase one
39 tuition unit in the advanced college tuition payment program for an
40 eligible beneficiary. Generally, the minimum purchase price is one

1 percent of the undergraduate tuition and fees for the current year,
2 rounded to the nearest whole dollar, adjusted for the costs of
3 administration and adjusted to ensure the actuarial soundness of the
4 account. The analysis for price setting shall also include, but not
5 be limited to consideration of past and projected patterns of tuition
6 increases, program liability, past and projected investment returns,
7 and the need for a prudent stabilization reserve.

8 NEW SECTION. **Sec. 2.** RCW 28B.95.170 (Legislative advisory
9 committee) and 2011 1st sp.s. c 12 s 6 are each repealed.

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