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SENATE BILL 5967

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State of Washington                      65th Legislature                      2017 3rd Special Session

By Senators Wilson and Palumbo

Read first time 06/27/17. Referred to Committee on Higher Education.

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

19 (v) Two members from each of the two largest caucuses of the  
20 senate appointed by the majority and minority leaders of their  
21 respective caucuses, with at least one member from each caucus a  
22 member of the senate ways and means committee and at least one member  
23 from each caucus a member of the senate higher education committee;  
24 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, 2017, the  
30 governor must appoint two new members to the committee. The two new  
31 members appointed pursuant to this subsection (5)(f) shall each serve  
32 a four-year term from the date of his or her appointment.

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

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

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

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

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

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

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

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

32 (12) "Governing body" means the committee empowered by the  
33 legislature to administer the Washington advanced college tuition  
34 payment program and the Washington college savings program.

35 (13) "Individual college savings program account" means the  
36 formal record of transactions relating to a Washington college  
37 savings program beneficiary.

38 (14) "Institution of higher education" means an institution that  
39 offers education beyond the secondary level and is recognized by the

1 internal revenue service under chapter 529 of the internal revenue  
2 code.

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

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

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

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

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

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

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

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

36 (23) "Unit purchase price" means the minimum cost to purchase one  
37 tuition unit in the advanced college tuition payment program for an  
38 eligible beneficiary. Generally, the minimum purchase price is one  
39 percent of the undergraduate tuition and fees for the current year,  
40 rounded to the nearest whole dollar, adjusted for the costs of

1 administration and adjusted to ensure the actuarial soundness of the  
2 account. The analysis for price setting shall also include, but not  
3 be limited to consideration of past and projected patterns of tuition  
4 increases, program liability, past and projected investment returns,  
5 and the need for a prudent stabilization reserve.

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

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