

Amendment No. 1027

Assembly Amendment to Assembly Bill No. 475 (BDR 31-975)

Proposed by: Assembly Committee on Government Affairs

Amends: Summary: No Title: Yes Preamble: No Joint Sponsorship: No Digest: Yes

ASSEMBLY ACTION				Initial and Date	SENATE ACTION				Initial and Date
Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____	Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____
Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____
Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) variations of green bold underlining is language proposed to be added in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill proposed to be retained in this amendment.

KRO/JWP



Date: 5/31/2017

A.B. No. 475—Revises provisions relating to education. (BDR 31-975)



ASSEMBLY BILL NO. 475—COMMITTEE
ON GOVERNMENT AFFAIRS(ON BEHALF OF THE OFFICE OF FINANCE
IN THE OFFICE OF THE GOVERNOR)

MARCH 27, 2017

Referred to Committee on Government Affairs

SUMMARY—Revises provisions relating to education. (BDR 31-975)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to education; requiring the Board of Trustees of the College Savings Plans of Nevada to establish the Nevada College Kick Start Program; revising the membership of the Board; providing that the Nevada Higher Education Prepaid Tuition Trust Fund consists, in part, of payments received pursuant to a loan made to the Trust Fund for purposes of the fiscal stabilization of the Nevada Higher Education Prepaid Tuition Program; requiring the transfer of money in accounts created under the Program to the Endowment Account in the State General Fund under certain circumstances; revising provisions governing the expenditures authorized from the Endowment Account; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

The Board of Trustees of the College Savings Plans of Nevada was created under existing law to oversee the Nevada Higher Education Prepaid Tuition Program and the Nevada College Savings Program. The State Treasurer or his or her designee serves as the Chair of the Board. (NRS 353B.001-353B.370) Section 2 of this bill revises the membership of the Board to: (1) provide that the State Treasurer or his or her designee serves as an ex officio nonvoting member; and (2) add a new voting member who is appointed by the Governor. Section 2 also provides for the selection of the Chair of the Board by the voting members of the Board.

Section 1 of this bill requires the Board to establish the Nevada College Kick Start Program to create college savings accounts for pupils enrolled in kindergarten in public schools in Nevada who are residents of Nevada. Section 1 requires the Board, within limits of money available for this purpose, to deposit money in the accounts to be used for the costs of higher education of those pupils. Section 1 also requires the Board to adopt regulations for the implementation of the Program and authorizes the Board to apply for and accept gifts, grants and donations to carry out the Program.

Existing law authorizes the State Treasurer to establish an Endowment Account in the State General Fund to carry out the State Treasurer's duties with respect to the Nevada

College Savings Program. The Endowment Account is required to be used for the deposit of any money received by the Nevada College Savings Program that is not received pursuant to a savings account agreement and which the State Treasurer determines is not necessary for certain administration and marketing activities. The State Treasurer is authorized to expend money in the Endowment Account: (1) for any purpose related to the Nevada College Savings Program; (2) to pay the costs of administering the Governor Guinn Millennium Scholarship Program; or (3) in any other manner which assists residents of Nevada to attain postsecondary education. (NRS 353B.350) **Section 6** of this bill limits the purposes for which the State Treasurer is authorized to expend money in the Endowment Account only to purposes related to the funding of college savings accounts under the Nevada College Kick Start Program, ~~for~~ the Governor Guinn Millennium Scholarship Program, ~~and~~ administrative and marketing costs related to the Nevada Higher Education Prepaid Tuition Program and the Nevada College Savings Program, and programs for the financial education of residents of this State. **Section 1** requires the Board of Trustees of the College Savings Plans of Nevada to transfer to the Endowment Account the balance in the account of a pupil created under the Nevada College Kick Start Program: (1) that has not been accessed by a parent or guardian of the pupil by the time the pupil is enrolled in the ~~third~~ fifth grade; or (2) which otherwise has not been used within the time prescribed by regulation.

Existing law creates the Nevada Higher Education Prepaid Tuition Trust Fund which consists of certain payments received by the Trust Fund. (NRS 353B.140) Section 2.5 of this bill adds to the list of payments included in the Trust Fund payments received pursuant to a loan made to the Trust Fund for the purpose of fiscal stabilization of the Nevada Higher Education Prepaid Tuition Program.

Existing law creates the Nevada College Savings Trust Fund and authorizes the State Treasurer to accept and expend for certain purposes money provided to the Trust Fund by a private entity. (NRS 353B.340, 353B.360) Section 6.5 of this bill removes this grant of authority from the State Treasurer and instead authorizes the Board of Trustees of the College Savings Plans of Nevada to accept and expend such money.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 353B of NRS is hereby amended by adding thereto a new section to read as follows:

1. The Board shall establish the Nevada College Kick Start Program to provide for the creation of a college savings account for each pupil who is a resident of this State upon commencement of his or her enrollment in kindergarten at a public school in this State. Within the limits of money available for this purpose, the Board shall deposit money in such an account to be used to pay a portion of the costs of higher education of the pupil.

2. The Board shall adopt regulations for the implementation of the Program, including, without limitation, regulations regarding:

(a) Enrollment in the Program, including without limitation, opting in or opting out of the Program;

(b) Procedures for the parent or guardian of a pupil to access the account of the pupil created pursuant to subsection 1;

(c) The time within which the money in the account created pursuant to subsection 1 must be used; and

(d) Distributions from an account created pursuant to subsection 1.

3. The Board may apply for and accept any gift, donation, bequest, grant or other source of money to carry out the Program.

4. The Board shall transfer to the Endowment Account established pursuant to NRS 353B.350 the balance in the account of a pupil created pursuant to subsection 1 that:

(a) *Has not been accessed by a parent or guardian of the pupil in the manner prescribed in the regulations adopted pursuant to subsection 2 by the time the pupil is enrolled in grade ~~13~~ 5.*

(b) *Is otherwise remaining after expiration of the time prescribed in the regulations adopted pursuant to subsection 2 within which the money in the account must be used.*

Sec. 2. NRS 353B.005 is hereby amended to read as follows:

353B.005 1. There is hereby created a Board of Trustees of the College Savings Plans of Nevada.

2. The Board consists of ~~(five)~~ 5:

(a) Five voting members composed of:

~~((a)) The State Treasurer, who may name a designee to serve on the Board on his or her behalf.~~

~~((b))~~

((1)) The Director of the Office of Finance, who may name a designee to serve on the Board on his or her behalf.

~~((c))~~ ((2)) The Chancellor of the System, who may name a designee to serve on the Board on his or her behalf.

~~((d)) Two~~

((3)) Three members appointed by the Governor. A member who is appointed by the Governor must possess knowledge, skill and experience in the field of:

~~((1))~~ ((I)) Accounting;

~~((2))~~ ((II)) Finance;

~~((3))~~ ((III)) Investment management; or

~~((4))~~ ((IV)) Marketing.

((b)) The State Treasurer or his or her designee, who serves ex officio as a nonvoting member.

3. A member of the Board who is appointed by the Governor ~~+~~ pursuant to subparagraph (3) of paragraph (a) of subsection 2:

(a) Serves for a term of 4 years;

(b) Except as otherwise provided in paragraph (c), may be reappointed by the Governor; and

(c) Except as otherwise provided in this paragraph, may serve for only two terms. A member who is appointed to fill a vacancy in an unexpired term that is not longer than 3 years may serve two terms in addition to the unexpired term.

4. The ~~{State Treasurer or his or her designee}~~ voting members of the Board shall ~~serve as the~~ elect a Chair of the Board ~~+~~ from among their number. The term of office of the Chair is 1 year.

5. Each member of the Board serves without compensation, except that each member is entitled to receive:

(a) The per diem allowance and travel expenses provided for state officers and employees generally; and

(b) Reimbursement for any other actual and reasonable expense incurred while performing his or her duties.

6. As used in this section, the term "College Savings Plans of Nevada" includes the Nevada Higher Education Prepaid Tuition Program set forth in NRS 353B.010 to 353B.190, inclusive, and the Nevada College Savings Program set forth in NRS 353B.300 to 353B.370, inclusive ~~+~~ , and section 1 of this act + including the Nevada College Kick Start Program.

Sec. 2.5. NRS 353B.140 is hereby amended to read as follows:

353B.140 1. The Nevada Higher Education Prepaid Tuition Trust Fund is hereby created within the State Treasury to allow the cost of tuition to be paid in advance of enrollment at an institution of higher education.

2. The Trust Fund consists of payments received pursuant to:

- (a) A prepaid tuition contract;
- (b) A bequest, endowment or grant from the Federal Government;
- (c) A matching contribution made as described in NRS 363A.137 or 363B.117;

(d) *A loan made to the Trust Fund for purposes of the fiscal stabilization of the Nevada Higher Education Prepaid Tuition Program; or*

(e) Any other public or private source of money.

3. Money in the Trust Fund that is not expended during any biennium does not revert to the State General Fund at any time.

Sec. 3. NRS 353B.320 is hereby amended to read as follows:

353B.320 The Board may delegate to the State Treasurer any of its administrative powers and duties specified in NRS 353B.300 to 353B.370, inclusive, and section 1 of this act if the Board determines that such delegation is necessary for the efficient and effective administration of the Nevada College Savings Program and the Trust Fund.

Sec. 4. NRS 353B.330 is hereby amended to read as follows:

353B.330 Savings trust accounts and agreements entered into pursuant to NRS 353B.300 to 353B.370, inclusive, and section 1 of this act are not guaranteed by the full faith and credit of the State of Nevada.

~~**Sec. 5.** NRS 353B.340 is hereby amended to read as follows:~~

~~353B.340 1. The Nevada College Savings Trust Fund is hereby created.~~

~~2. The Trust Fund is an instrumentality of this state, and its property and income are exempt from all taxation by this state and any political subdivision thereof.~~

~~3. The Trust Fund consists of:~~

- ~~(a) All money deposited in accordance with savings trust agreements;~~
- ~~(b) All money received as a matching contribution made as described in NRS 363A.137 or 363B.117; and~~
- ~~(c) All earnings on the money in the Trust Fund.~~

~~4. Money in the Trust Fund:~~

~~(a) Is not the property of this state, and this state has no claim to or interest in such money; and~~

~~(b) Must not be commingled with money of this state.~~

~~5. A savings trust agreement or any other contract entered into by or on behalf of the Trust Fund does not constitute a debt or obligation of this state, and no account owner is entitled to any money in the Trust Fund except for that money on deposit in or accrued to his or her account.~~

~~6. The money in the Trust Fund must be preserved, invested and expended solely pursuant to and for the purposes authorized by NRS 353B.300 to 353B.370, inclusive, and section 1 of this act and must not be loaned or otherwise transferred or used by this state for any other purpose.] (Deleted by amendment.)~~

Sec. 6. NRS 353B.350 is hereby amended to read as follows:

353B.350 1. The Trust Fund and any account established by the State Treasurer pursuant to this section must be administered by the State Treasurer.

2. The State Treasurer shall establish such accounts as he or she determines necessary to carry out his or her duties pursuant to NRS 353B.300 to 353B.370, inclusive, and section 1 of this act, including, without limitation:

- (a) A Program Account in the Trust Fund; and

(b) An Administrative Account and an Endowment Account in the State General Fund.

3. The Program Account must be used for the receipt, investment and disbursement of money pursuant to savings trust agreements.

4. The Administrative Account must be used for the deposit and disbursement of money to administer and market the Nevada College Savings Program and to supplement the administration and marketing of the Nevada Higher Education Prepaid Tuition Program set forth in NRS 353B.010 to 353B.190, inclusive.

5. ~~[[The]]~~ In addition to the money transferred pursuant to section 1 of this act, the Endowment Account must be used for the deposit of any money received by the Nevada College Savings Program that is not received pursuant to a savings trust agreement and, in the determination of the State Treasurer, is not necessary for the use of the Administrative Account. The money in the Endowment Account may be expended ~~[[for any purpose related to:~~

(a) ~~[[For any purpose related to the]]~~ The funding of college savings accounts created under the Nevada College ~~[[Savings]]~~ Kick Start Program ~~[[established pursuant to section 1 of this act; for]]~~

(b) ~~[[To pay the costs of administering the]]~~ The Governor Guinn Millennium Scholarship Program created pursuant to NRS 396.926 ~~[[, including, without limitation, the costs of administering the Program , but such costs must not exceed an amount equal to 3 percent of the anticipated annual revenue to the State of Nevada from the settlement agreements with and civil actions against manufacturers of tobacco products anticipated for deposit in the Trust Fund; for]]~~

(c) ~~[[In any other manner which assists the residents of this state to attain postsecondary education.]]~~ The administrative costs, as approved by the Legislature or the Interim Finance Committee, of activities related to the Nevada Higher Education Prepaid Tuition Program set forth in NRS 353B.010 to 353B.190, inclusive, and the Nevada College Savings Program set forth in NRS 353B.300 to 353B.370, inclusive, and section 1 of this act, including the Nevada College Kick Start Program;

(d) The costs of marketing related to the Nevada Higher Education Prepaid Tuition Program set forth in NRS 353B.010 to 353B.190, inclusive, and the Nevada College Savings Program set forth in NRS 353B.300 to 353B.370, inclusive, and section 1 of this act, including the Nevada College Kick Start Program, but such costs must not exceed an amount equal to 3 percent of the money in the Endowment Account that was received during the first fiscal year of the immediately preceding biennium by the Nevada College Savings Program, was not received pursuant to a savings trust agreement and, in the determination of the State Treasurer, was not necessary for the use of the Administrative Account; or

(e) The costs of providing programs for the financial education of residents of this State, but such costs must not exceed an amount equal to 3 percent of the money in the Endowment Account that was received during the first fiscal year of the immediately preceding biennium by the Nevada College Savings Program, was not received pursuant to a savings trust agreement and, in the determination of the State Treasurer, was not necessary for the use of the Administrative Account.

Sec. 6.5. NRS 353B.360 is hereby amended to read as follows:

353B.360 The ~~[[State Treasurer]]~~ Board may accept and expend on behalf of the Trust Fund money provided by private entities for direct expenses or marketing ~~[[in accordance with the provisions of NRS 353.150 to 353.245, inclusive.]]~~ Such money is not a part of the Trust Fund.

Sec. 7. This act becomes effective upon passage and approval.