

SECOND REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 772
95TH GENERAL ASSEMBLY

Reported from the Committee on Financial and Governmental Organizations and Elections, February 11, 2010, with recommendation that the Senate Committee Substitute do pass and be placed on the Consent Calendar.

3986S.02C

TERRY L. SPIELER, Secretary.

AN ACT

To repeal sections 166.420 and 166.532, RSMo, and to enact in lieu thereof one new section relating to higher education savings programs.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 166.420 and 166.532, RSMo, are repealed and one new
2 section enacted in lieu thereof, to be known as section 166.420, to read as follows:

166.420. 1. The board may enter into savings program participation
2 agreements with participants on behalf of beneficiaries pursuant to the provisions
3 of sections 166.400 to 166.455, including the following terms and conditions:

4 (1) A participation agreement shall stipulate the terms and conditions of
5 the savings program in which the participant makes contributions;

6 (2) A participation agreement shall specify the method for calculating the
7 return on the contribution made by the participant;

8 (3) The execution of a participation agreement by the board shall not
9 guarantee that the beneficiary named in any participation agreement will be
10 admitted to an eligible educational institution, be allowed to continue to attend
11 an eligible educational institution after having been admitted or will graduate
12 from an eligible educational institution;

13 (4) A participation agreement shall clearly and prominently disclose to
14 participants the risk associated with depositing moneys with the board;

15 (5) Participation agreements shall be organized and presented in a way
16 and with language that is easily understandable by the general public; and

17 (6) A participation agreement shall clearly and prominently disclose to
18 participants the existence of any load charge or similar charge assessed against

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

19 the accounts of the participants for administration or services.

20 2. The board shall establish the maximum amount which may be
21 contributed annually by a participant with respect to a beneficiary.

22 3. The board shall establish a total contribution limit for savings accounts
23 established under the savings program with respect to a beneficiary to permit the
24 savings program to qualify as a "qualified state tuition program" pursuant to
25 Section 529 of the Internal Revenue Code. No contribution may be made to a
26 savings account for a beneficiary if it would cause the balance of all savings
27 accounts of the beneficiary to exceed the total contribution limit established by
28 the board. The board may establish other requirements that it deems appropriate
29 to provide adequate safeguards to prevent contributions on behalf of a beneficiary
30 from exceeding what is necessary to provide for the qualified higher education
31 expenses of the beneficiary.

32 4. The board shall establish the minimum length of time that
33 contributions and earnings must be held by the savings program to qualify
34 pursuant to section 166.435[, provided that the minimum length of time shall be
35 at least twelve months for the amount of any single contribution]. Any
36 contributions or earnings that are withdrawn or distributed from a savings
37 account prior to the expiration of the minimum length of time, as established by
38 the board, shall be subject to a penalty pursuant to section 166.430.

 [166.532. Pursuant to section 23.253, RSMo, of the Missouri
2 sunset act:

3 (1) The provisions of the new program authorized under
4 sections 166.500 to 166.532 shall automatically sunset six years
5 after August 28, 2004, unless reauthorized by an act of the general
6 assembly; and

7 (2) If such program is reauthorized, the program authorized
8 under sections 166.500 to 166.532 shall automatically sunset
9 twelve years after the effective date of the reauthorization of
10 sections 166.500 to 166.532; and

11 (3) Sections 166.500 to 166.532 shall terminate on
12 September first of the calendar year immediately following the
13 calendar year in which the program authorized under sections
14 166.500 to 166.532 is sunset.]