

SENATE BILL 2522

By Berke

AN ACT to amend Tennessee Code Annotated, Title 4, to enact the "Lifelong Learning Accounts Act of 2012".

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 4, is amended by adding Sections 2 through 9 of this act as a new, appropriately designated chapter.

SECTION 2. This act shall be known and may be cited as the "Lifelong Learning Accounts Act of 2012".

SECTION 3.

As used in this act,

(1) "Eligible individual" means a Tennessee worker who as of a taxable year has attained the age of eighteen (18) but has not attained the age of seventy-one (71); and

(2) "Qualified education expenses" means and includes amounts paid by the eligible individual for the individual's education, or courses of instruction, including training and apprenticeship programs including:

(1) Tuition, fees, and similar payments; and

(2) Books, supplies, equipment, tools, and information technology devices, required for a course or education.

Such term shall not include amounts paid for any course or other education involving sports, games, or hobbies.

SECTION 4.

(a) The treasurer, in cooperation with the commissioners of labor and workforce development and economic and community development, shall establish a framework,

as a pilot program, for lifelong learning accounts to be established for Tennessee eligible individuals and present the proposal to the commerce, labor and agriculture committee of the senate and the consumer and employee affairs committee in the house no later than February 28, 2013, together with recommendations for legislation as needed to implement the program.

(b) The purpose of the program is to create an incentive for eligible individuals and their employers to voluntarily participate in a program through which an eligible individual establishes a savings account, to be known as a lifelong learning account, to be used exclusively by the eligible individual to pay for qualified education expenses and skill training in order to increase the eligible individual's earning potential and skill set.

SECTION 5. In developing the pilot program the following criteria shall, at a minimum, be considered:

(1) Participation shall initially be limited, in an amount to be determined by the officials developing the pilot program;

(2) Participation of lower-skilled and lower-income workers who meet requirements established by the officials developing the pilot program shall be encouraged;

(3) Ensure the program is implemented in such a way to cover all geographical areas and diverse economies in this state;

(4) Create incentives for employers to match eligible individual employee contributions. Such incentives may include, but not be limited to:

(i) A reduction in the employer's rating and worker's compensation premium paid by the employer, in an amount to be established by the department of labor and work force development;

(ii) A credit against the employer's excise and franchise tax if the employer is a corporation in an amount to be established by the officials developing the pilot program; and

(iii) Providing technical assistance for training and retraining employees.

(5) Create incentives for eligible individuals who participate in the program to set aside funds in an individual lifelong learning account. Such incentives may include, but not be limited to:

(i) Receiving a refund from the state's portion of sales tax paid by the participant in the program based on the annual amount contributed by the participant to the eligible individual's lifelong learning account. The refund shall be based on an average amount of state sales tax generally paid by a person within specified salary ranges paid to the participant as determined by the state treasurer;

(ii) Receiving educational and career advice on a continuing basis utilizing state employee career counselors and volunteers from the business community to act as mentors. The pilot program shall include establishing a method for persons to volunteer to be mentors and for the treasurer to match volunteers with participants in the program;

(iii) Providing discounts for individual classes offered by institutions in the Tennessee board of regents and University of Tennessee system; and

(iv) Providing funds and matching grants from existing state or federal funds or programs within or administered through the department of economic and community development and the department of labor and workforce development earmarked for training or retraining workers, including displaced workers.

(6) With respect to creating incentives for eligible individuals, in addition to those incentives included in subdivision (5), the treasurer shall enter into discussions with the Tennessee student assistance corporation to determine whether it would be feasible to create a program that would provide financial assistance from the Tennessee lottery for education account and Tennessee net lottery proceeds to permit eligible individuals to receive grants for individual courses taken at institutions in the Tennessee board of regents and University of Tennessee systems, and other approved courses, as determined by the officials developing the pilot program, to advance the individual's skills and earning potential.

SECTION 6. The program shall establish a mechanism to determine the types of accounts that will qualify as individual lifelong learning accounts:

(1) The accounts may be established within a special account created within the treasurer's office to be designated for each individual participating in the program or as trust accounts at approved financial institutions who voluntarily agree to be trustees of trust accounts established pursuant to this act. The officials creating the pilot program shall develop criteria to approve financial institutions who demonstrate, to the satisfaction of the treasurer, that such institution will administer the trusts consistent with the requirements of the program as established pursuant to this act. Such institutions must agree not to charge a fee for administering the trusts and that the assets of the trust established will not be commingled with other property except in a common trust fund or common investment fund.

(2) Funds invested in the trusts shall only be invested in authorized investments as determined by the treasurer. All interest earned on such investments shall be deposited in the trust accounts in proportion to the amount of the balance in each individual lifelong learning account.

(3) Interest earned on investments, if established as a special account in the treasurer's office, shall be credited to each lifelong learning account in proportion to the amount of the balance in each individual account and shall not revert to the general fund.

SECTION 7. The officials developing the pilot project shall develop a mechanism for employees to make deposits directly to the individual's lifelong learning account or to have predetermined amounts deducted from the eligible individual's paycheck and forwarded by the employer to the treasurer to be deposited by the treasurer in the account, if retained in the treasurer's office, or forwarded to the identified financial institutions, if the accounts are in a trust within the financial institution..

SECTION 8. An annual dollar contribution limit by the eligible individual not to exceed twenty-five hundred dollars (\$2,500) shall initially be established for each individual lifelong learning account.

SECTION 9.

(a) The program shall develop a procedure for withdrawals to be made from the account for qualified education expenses.

(b) In addition, a procedure shall be developed:

(1) For a participant to cancel his or her participation in the program and to close the account; and

(2) To determine if a penalty should be imposed if, after receiving incentives, the participant did not utilize the funds in accordance with the program established or closed the account at an earlier time than as required for participation in the program.

SECTION 10. This act shall take effect upon becoming a law, the public welfare requiring it.