

2018 Regular Session

HOUSE BILL NO. 650

BY REPRESENTATIVES FOIL, STEVE CARTER, EDMONDS, AND HAZEL

STUDENT/TUITION: Creates a program for education savings accounts for tuition expenses for elementary and secondary schools

1 AN ACT

2 To amend and reenact R.S. 9:154(A)(15), R.S. 17:3129.4(C), R.S. 44:4.1(B)(9), and R.S.

3 47:1508(B)(17) and to enact Chapter 22-B of Title 17 of the Louisiana Revised

4 Statutes of 1950, to be comprised of R.S. 17:3100.1 through 3100.10, and R.S.

5 42:456.2, relative to the Louisiana Student Tuition Assistance and Revenue Trust

6 Kindergarten Through Grade Twelve Program; to create the program and provide for

7 program purpose and definitions; to provide relative to program administration by

8 the Louisiana Tuition Trust Authority and for powers and duties of the authority; to

9 provide for adoption by the authority of certain rules pursuant to the Administrative

10 Procedure Act; to provide relative to education savings accounts; to provide relative

11 to the Louisiana Education and Tuition Savings Fund; to provide for the powers and

12 duties of the office of the state treasurer with regard to the program; to apply laws

13 pertaining to abandoned property to certain program account funds; to provide a

14 public records exception for certain records of the authority pertaining to program

15 accounts; to provide relative to payroll withholdings; to provide an exception to the

16 confidentiality of the records of the secretary of the Department of Revenue relative

17 to the program; to authorize, with limitations, disbursements from education savings

18 accounts established pursuant to the Louisiana Student Tuition Assistance and

19 Revenue Trust Program for elementary and secondary school tuition expenses; and

20 to provide for related matters.

1 Be it enacted by the Legislature of Louisiana:

2 Section 1. R.S. 9:154(A)(15) is hereby amended and reenacted to read as follows:

3 §154. Presumptions of abandonment

4 A. Property is presumed abandoned if it is unclaimed by the apparent owner
5 during the time set forth below for the particular property for the following:

6 * * *

7 (15)(a) Funds in an education savings account established in accordance with
8 the Louisiana Student Tuition Assistance and Revenue Trust Program as provided
9 in Chapter 22-A of Title 17 of the Louisiana Revised Statutes of 1950; during any
10 five-year period subsequent to the beneficiary's thirty-fifth birthday.

11 (b) Funds in an education savings account established in accordance with the
12 Louisiana Student Tuition Assistance and Revenue Trust Kindergarten Through
13 Grade Twelve Program as provided in Chapter 22-B of Title 17 of the Louisiana
14 Revised Statutes of 1950 during any five-year period subsequent to the beneficiary's
15 twentieth birthday.

16 * * *

17 Section 2. R.S. 17:3129.4(C) is hereby amended and reenacted and Chapter 22-B of
18 Title 17 of the Louisiana Revised Statutes of 1950, comprised of R.S. 17:3100.1 through
19 3100.10, is hereby enacted to read as follows:

20 CHAPTER 22-B. LOUISIANA STUDENT TUITION
21 ASSISTANCE AND REVENUE TRUST KINDERGARTEN
22 THROUGH GRADE TWELVE PROGRAM

23 §3100.1. Louisiana Student Tuition Assistance and Revenue Trust Kindergarten
24 Through Grade Twelve Program; creation; purpose; legislative intent

25 A. In order to provide the citizens of Louisiana with financing assistance for
26 education, there is hereby created the Louisiana Student Tuition Assistance and
27 Revenue Trust Kindergarten Through Grade Twelve Program, referred to in this
28 Chapter as the "START K12 Program" or the "program". The program shall consist
29 of the establishment of education savings accounts by individuals, groups, or

1 organizations and provisions for the routine deposit of funds to cover elementary and
2 secondary education costs of a designated beneficiary.

3 B. The legislature hereby finds that the program created by this Chapter is
4 an official state function, offered through an agency of the state that receives state
5 appropriations.

6 C.(1) It is the intention of the legislature that the program shall be a qualified
7 tuition program as defined in Section 529 of the federal Internal Revenue Code, as
8 amended. Any provision of this Chapter determined to be in conflict with any
9 requirement of the code as applicable to a qualified tuition program shall be
10 superseded by such code provision to the extent necessary to assure that the program
11 continues to meet the code's definition of a qualified tuition program.

12 (2) Any requirement of this Chapter determined to be more restrictive than
13 the requirements of the federal Internal Revenue Code as applicable to a qualified
14 tuition program may be modified to conform with code requirements by the
15 Louisiana Tuition Trust Authority in accordance with the Administrative Procedure
16 Act.

17 §3100.2. Definitions

18 For the purposes of this Chapter, the following words, terms, and phrases
19 shall have the following meanings unless the context clearly requires otherwise:

20 (1) "Authority" means the Louisiana Tuition Trust Authority.

21 (2) "Beneficiary" means a person designated in an education savings account
22 owner's agreement, or by the authority when authorized by an account owner
23 meeting the classification requirements of R.S. 17:3100.6(A)(1)(e), as the individual
24 entitled to apply the savings accrued in an education savings account to the payment
25 of his qualified education expenses.

26 (3) "Education savings account" is a savings account established by an
27 individual, a group of individuals, or an organization pursuant to the program created
28 by this Chapter for a beneficiary.

1 (4) "Elementary or secondary school" means a public or approved nonpublic
2 elementary or secondary school in Louisiana that contains any of the grades
3 kindergarten through twelve.

4 (5) "Fixed earnings" means the placement of all the deposits in an education
5 savings account and the interest earned thereon in investments with fixed earnings.

6 (6) "Member of the family" means, with respect to any designated
7 beneficiary:

8 (a) An individual who bears one of the following relationships to such
9 beneficiary:

10 (i) Brother, sister, stepbrother, or stepsister.

11 (ii) Father or mother, or an ancestor of either.

12 (iii) Stepfather or stepmother.

13 (iv) Son or daughter of a brother or sister.

14 (v) Brother or sister of the father or mother.

15 (vi) Brother-in-law or sister-in-law.

16 (b) The spouse of any individual described in Subparagraph (a) of this
17 Paragraph.

18 (7) "Other persons" means, with respect to any designated beneficiary, any
19 person, whether natural or juridical, who is not a member of the family, including but
20 not limited to individuals, groups, trusts, estates, associations, organizations,
21 partnerships, and corporations.

22 (8) "Qualified education expenses" are expenses for tuition in connection
23 with enrollment or attendance at an elementary or secondary school in grades
24 kindergarten through twelve.

25 (9) "Redemption value" means the cash value of the education savings
26 account attributable to the sum of the principal invested and the interest earned on
27 principal and authorized to be credited to the account by the authority less any fees
28 due and imposed by rule of the authority.

1 (10) "Trade date" means the date that a deposit to an investment option that
2 includes variable earnings is assigned a value in units, the date a disbursement or
3 refund from an investment option that includes variable earnings is assigned a value,
4 or the date a change in investment options that includes variable earnings is assigned
5 a value, whichever is applicable.

6 (11) "Tuition" means the expenses for tuition in connection with enrollment
7 or attendance at an elementary or secondary school, as delineated by the authority.

8 (12) "Variable earnings" means that portion of funds in an education savings
9 account invested in equities.

10 (13) "Variable Earnings Transaction Fund" means the subaccount established
11 by the state treasurer within the Tuition and Savings Fund to receive earnings funds
12 as described in R.S. 17:3100.5(F).

13 §3100.3. Louisiana Tuition Trust Authority; administration; powers

14 A. The START K12 Program shall be administered by the authority.

15 B. In addition to any other powers conferred by this Chapter or any other
16 provision of law, the authority may do any of the following:

17 (1) Purchase insurance from insurers licensed to do business in this state
18 providing for coverage against any loss in connection with the authority's property,
19 assets, or activities or to further ensure the value of education savings accounts.

20 (2) Indemnify or purchase policies on behalf of members, officers, and
21 employees of the authority from insurers licensed to do business in this state
22 providing for coverage for any liability incurred in connection with any civil action,
23 demand, or claim against a director, officer, or employee by reason of an act or
24 omission by the director, officer, or employee that was not manifestly outside the
25 scope of his employment or official duties or with malicious purpose, in bad faith,
26 or in a wanton or reckless manner.

27 (3) Make, execute, and deliver contracts, conveyances, and other instruments
28 necessary to the exercise and discharge of the powers and duties of the authority.

29 (4) Promote, advertise, and publicize the program.

1 (5) Enter into agreements with any agency of the state or its political
2 subdivisions or with private employers under which an employee may agree to have
3 a designated amount deducted in each payroll period from the wages or salary due
4 him for the purpose of depositing said funds in the education savings account
5 established by the employee.

6 (6) Solicit, accept, and expend gifts or grants.

7 C.(1) The authority shall, by adoption of rules pursuant to the Administrative
8 Procedure Act, provide for the following:

9 (a) Reasonable residency requirements for beneficiaries of those applying
10 to establish an education savings account.

11 (b) Reasonable limits on the number of education savings account
12 participants.

13 (c) Limits on the amount which may accrue in an account on behalf of any
14 beneficiary.

15 (d) Restrictions on the substitution of one beneficiary for another.

16 (e) Restrictions on the transfer of ownership of education savings accounts.

17 (f) The rate of interest to be paid on education savings accounts of record at
18 the close of a calendar year. Such rate shall not be a negative rate and shall be
19 approved by the state treasurer.

20 (g) The disposition of abandoned accounts in compliance with state law.

21 (h) Restrictions on investment of deposits in an education savings account
22 and the interest earned thereon.

23 (i) A procedure for the authority to identify qualified students for designation
24 as beneficiary when authorized to make such a designation by an account owner
25 meeting the classification requirements of R.S. 17:3100.6(A)(1)(e).

26 (2) The authority may, but only by adoption of rules pursuant to the
27 Administrative Procedure Act, provide for any of the following:

28 (a) Necessary and proper fees in connection with service provided or cost
29 incurred in the implementation or administration of this Chapter.

1 (b) Such other rules as are necessary and proper for the implementation and
2 administration of this Chapter.

3 §3100.4. Cooperation of state agencies

4 The authority shall develop a plan for the establishment of education savings
5 accounts. The Board of Regents, and any other state agency requested to do so, shall
6 cooperate with the authority and provide technical assistance upon request. To
7 facilitate participation in the START K12 Program, such plan shall allow for the
8 deposit of small sums of money on a regular, incremental basis.

9 §3100.5. Education savings accounts; types, use, limitations, and disclosures

10 A.(1) The authority may enter into an account owner's agreement with any
11 person who qualifies pursuant to R.S. 17:3100.6(A) for the creation of an education
12 savings account on behalf of a beneficiary. When the number of available
13 agreements is limited, preference shall be given to the establishment of account
14 owner agreements with resident account owners who are establishing accounts for
15 resident beneficiaries.

16 (2) Disbursements from an education savings account shall be made from the
17 account to the account owner, beneficiary, or elementary or secondary school, as
18 directed by the account owner, for the qualified education expenses of the
19 beneficiary not to exceed the redemption value of the account. The amount of all
20 disbursements from all education savings accounts with respect to a beneficiary
21 during any taxable year shall, in the aggregate, include not more than ten thousand
22 dollars in qualified education expenses incurred during the taxable year.

23 (3) Nothing in this Chapter or in any education savings account owner's
24 agreement entered into pursuant to this Chapter shall be construed as a guarantee by
25 the state, the authority, or any elementary or secondary school that a beneficiary of
26 such an account will be admitted to such a school, or, upon admission to such a
27 school, will be permitted to continue to attend or will receive a diploma or any other
28 affirmation of program completion from the school. Nothing in this Chapter or in
29 any education savings account owner's agreement entered into pursuant to this

1 Chapter shall be considered a guarantee that the beneficiary's cost of tuition at an
2 elementary or secondary school will be covered in full by the proceeds of the
3 beneficiary's education savings account.

4 (4) Subject to the limitation imposed by R.S. 17:3100.7(B), the authority
5 shall guarantee payment of the redemption value of an education savings account in
6 which the deposits and interest are invested in fixed earnings.

7 (5) Nothing in this Chapter or in any education savings account owner's
8 agreement entered into pursuant to this Chapter shall be construed as a guarantee of
9 payment of the redemption value of an education savings account by the state, the
10 authority, or any elementary or secondary school for deposits and interest invested
11 in variable earnings.

12 B. The following information shall be disclosed in writing to each person
13 completing an account owner's agreement:

14 (1) The terms and conditions for opening, maintaining, terminating, or
15 redeeming an education savings account.

16 (2) Any restrictions on the substitution of another individual for the original
17 beneficiary.

18 (3) The person entitled to terminate the account owner's agreement.

19 (4) The terms and conditions under which the agreement may be terminated
20 and the amount of the refund, if any, to which the person terminating the agreement,
21 or that person's designee, is entitled upon termination.

22 (5) The obligation of the authority to make payments to a beneficiary, or an
23 elementary or secondary school on behalf of a beneficiary pursuant to Subsection A
24 of this Section, based upon the redemption value accrued on behalf of the
25 beneficiary.

26 (6) The method by which withdrawals from the education savings account
27 shall be applied toward payment of qualified education expenses.

28 (7) The period of time during which the beneficiary may receive benefits
29 under the agreement.

1 (8) The terms and conditions under which money may be wholly or partially
2 withdrawn from the program.

3 (9) A clear statement that the act of establishing an education savings
4 account pursuant to this Chapter does not guarantee full payment of tuition on behalf
5 of the beneficiary.

6 (10) A clear statement of fees that may be imposed and collected and an
7 estimate of the amount of such fees for the two years following the establishment of
8 an agreement.

9 (11) All other rights and obligations of the purchaser and the authority and
10 any other terms, conditions, and provisions the authority considers necessary and
11 appropriate.

12 C. An education savings account owner's agreement may provide that the
13 authority shall pay directly to the elementary or secondary school in which the
14 beneficiary is enrolled the amount represented by the qualified education expenses
15 incurred that term, subject to the limitations provided in Paragraph (A)(2) of this
16 Section.

17 D. Prior to the close of the calendar year in which the program is
18 implemented and each year thereafter on a date specified by the authority, the state
19 treasurer shall determine and report to the authority the total earnings and the rate of
20 return achieved on deposits in the Louisiana Education Tuition and Savings Fund.
21 Based upon the fund's reported earnings, the authority shall establish the rate of
22 interest to be applied to the accumulated principal and interest in education savings
23 accounts of record, subject to approval by the state treasurer. The authority shall
24 calculate and credit the appropriate amount of interest earnings to each such account
25 prior to the close of the calendar year.

26 E. If the redemption value of an education savings account is in excess of the
27 maximum allowed to be saved pursuant to the provisions of 26 U.S.C. 529 as
28 amended, the excess value shall be treated in accordance with R.S. 17:3100.7.

1 F.(1) Checks and electronic funds transfers through the Automated Clearing
2 House Network, or its successor, received for deposit in a variable earnings option
3 shall be invested by the state treasurer in fixed earnings prior to the trade date. All
4 earnings from such investments from the beginning of the program shall be the
5 property of the state and shall be deposited in the Variable Earnings Transaction
6 Fund.

7 (2) Any increase in the value of an account over the amount deposited shall
8 be forfeited by the account owner and deposited in the Variable Earnings Transaction
9 Fund if the deposit was used to purchase units in a variable earnings option and made
10 by check or Automated Clearing House Network a transfer that, subsequent to the
11 trade date, was not honored by the financial institution on which it was drawn.

12 (3) Any increase in the value of an account over the amount deposited shall
13 be forfeited by the account owner and deposited in the Variable Earnings Transaction
14 Fund if the account was invested in a variable earnings option and terminated within
15 twelve months of the date the account was opened.

16 (4) The monies in the Variable Earnings Transaction Fund shall be used by
17 the authority to pay a financial institution's charges and any loss in value between the
18 purchase and redemption of units in a variable earnings option resulting from a check
19 deposit or Automated Clearing House Network transfer that, subsequent to the trade
20 date, is not honored by the financial institution on which it was drawn.

21 §3100.6. Education savings accounts; creation, terms, and conditions

22 A.(1) An education savings account shall be established for a person who is
23 determined by the authority to qualify under one of the following classifications:

24 (a) A person determined by the authority to be the parent, grandparent, or
25 court-ordered custodian of the person being designated as beneficiary of the account
26 or who claims the person being designated as beneficiary as a dependent on his
27 federal income tax return, and at the time of the initiation of the agreement, the
28 person or beneficiary is a resident of the state.

1 (b) A person determined by the authority to be a member of the family of the
2 beneficiary, and at the time of the initiation of the agreement, the person or the
3 beneficiary is a resident of the state.

4 (c) Any other person, and at the time of the initiation of the agreement, the
5 beneficiary is a resident of the state.

6 (d) Any other person who, at the time of the initiation of the agreement, is
7 a resident of the state and the beneficiary is not a resident of the state.

8 (e) Any other person or any government entity, and at the time of the
9 initiation of the agreement:

10 (i) The beneficiary is a resident of the state.

11 (ii) The federal adjusted income of the beneficiary's family is less than thirty
12 thousand dollars or the beneficiary is eligible for a free lunch under the Richard B.
13 Russell National School Lunch Act (42 U.S.C. 1751 et seq.).

14 (iii) The beneficiary is not a member of the account owner's family nor a
15 member of the family of any member or employee of the authority or the office of
16 student financial assistance.

17 (iv) The deposits to the account are an irrevocable donation by the owner.

18 (2) The person completing the account owner's agreement for an education
19 savings account shall be the "owner" of the account.

20 B.(1)(a) An education savings account may have only one designated
21 beneficiary. The account owner shall designate the beneficiary; however, an account
22 owner meeting the classification requirements of Subparagraph (A)(1)(e) of this
23 Section may authorize the authority to designate the beneficiary.

24 (b) The beneficiary designated by the authority shall meet the following
25 minimum qualifications:

26 (i) Be a resident of the state.

27 (ii) The federal adjusted gross income of the beneficiary's family must be
28 less than thirty thousand dollars or the beneficiary must be eligible for a free lunch
29 under the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.).

1 (iii) Not be a member of the account owner's family nor a member of the
2 family of any member or employee of the authority and the office of student
3 financial assistance.

4 (2) Persons who are eligible to establish an education savings account for
5 more than one beneficiary shall establish a separate account for each beneficiary.
6 The account shall be subject to all other terms, conditions, and fees applicable to an
7 education savings account.

8 C. The right of a beneficiary to the assets of an education savings account
9 shall not be subject to and is expressly dispensed from collation, execution,
10 garnishment, attachment, the operation of bankruptcy or the insolvency laws or other
11 process of law. Monies paid into or out of the assets and the income of any validly
12 existing qualified tuition program authorized by Section 529 of the Internal Revenue
13 Code of 1986 as amended, including but not limited to an education savings account
14 as defined in R.S. 17:3100.2, shall not be liable to attachment, levy, garnishment, or
15 legal process in the state in favor of any creditor of or claimant against any program
16 participant, owner, contributor, or program.

17 §3100.7. Termination of depositor's agreements; refund; conversion of the account
18 to money; transfers

19 A.(1) Unless otherwise provided for in the agreement, an education savings
20 account owner's agreement may be terminated by the person entering into the
21 agreement, the beneficiary, or by any person or combination of persons designated
22 in the agreement as provided in this Section.

23 (2) An education savings account owner's agreement may be terminated
24 under any of the following circumstances:

25 (a) Upon the death of the beneficiary.

26 (b) Upon notification to the authority in writing that the beneficiary has
27 decided not to attend an elementary or secondary school that charges tuition and
28 requests that the education savings account be terminated.

1 (c) Upon completion of the requirements for a diploma or other affirmation
2 of program completion at an elementary or secondary school.

3 (d) Upon the occurrence of other circumstances determined by the authority
4 to be grounds for termination.

5 B.(1) The authority shall determine the method and schedule for payment of
6 refunds upon termination of an education savings account.

7 (2) The amount of the refund to which the person designated in the account
8 owner's agreement is entitled shall be equal to the following:

9 (a) The actual amount of the deposits or the current value of the deposits,
10 whichever is less, if the account has been open for less than twelve months.

11 (b) The redemption value of the education savings account invested in fixed
12 earnings at the time of the refund and interest earned thereon, previously credited but
13 not expended from the account, if the account has been open for twelve or more
14 months.

15 (c) The value of the education savings account invested in variable earnings
16 at the time of the refund and interest earned thereon previously credited but not
17 expended from the account, if the account has been open for twelve or more months.

18 (3) Monies in accounts opened by juridical persons or classified under R.S.
19 17:3100.6(A)(1)(e) may not be refunded; however, the account owner or the
20 authority, if the account owner has authorized the authority to designate the
21 beneficiary, may designate a new beneficiary:

22 (a) Upon the death of the beneficiary.

23 (b) If the beneficiary has decided not to attend an elementary or secondary
24 school that charges tuition.

25 (c) Upon the beneficiary's completion of the requirements for a diploma or
26 other affirmation of program completion at an elementary or secondary school.

27 C. If the beneficiary is the recipient of a scholarship, waiver of tuition, or
28 similar subvention that the authority determines cannot be converted into money by
29 the beneficiary, the authority shall, during each academic term that the beneficiary

1 furnishes the authority such information about the scholarship, waiver, or similar
2 subvention as the authority requires, refund to the person designated in the owner's
3 agreement an amount from the owner's education savings account equal to the value
4 of the scholarship, waiver, or similar subvention awarded to the beneficiary. The
5 authority may, at its sole option, designate the school at which the beneficiary is
6 enrolled as the agent of the authority for purposes of refunds pursuant to this
7 Subsection.

8 D. If, in any academic term for which withdrawals from the education
9 savings account have been used to pay all or part of a beneficiary's qualified
10 education expenses, the beneficiary withdraws from the school at which the
11 beneficiary is enrolled prior to the end of the academic term, a pro rata share of any
12 refund of the qualified education expenses resulting from the beneficiary's
13 withdrawal from the school, equal to that portion of the qualified education expenses
14 paid by disbursements from the education savings account, shall be made to the
15 authority, unless the authority designates a different procedure. The authority shall
16 credit any refund to the appropriate education savings account.

17 E. An account owner may not transfer or roll over any amount from an
18 education savings account created pursuant to Chapter 22-A of this Title to an
19 education savings account created pursuant to this Chapter.

20 §3100.8. Louisiana Education and Tuition Savings Fund; use

21 A. The assets of the authority reserved for payment of the obligations of the
22 authority pursuant to its agreements with account owners shall be placed in the
23 Louisiana Education Tuition and Savings Fund created pursuant to R.S.
24 17:3129.4(C). Funds received by the authority from persons making deposits in their
25 education savings accounts, all interest and investment income earned by the fund,
26 and all other receipts of the authority from any other source which the authority
27 determines appropriate shall be deposited in the fund. Any claim for redemption or
28 withdrawal pursuant to an education savings account owner's agreement shall be
29 solely against the assets of the fund. No account owner or beneficiary of an

1 education savings account shall have any claim against the state general fund or
2 other funds or revenue sources of the state, or against the funds of any elementary
3 or secondary school.

4 B. Unless otherwise provided by the authority, the assets of the START K12
5 Program in the Tuition and Savings Fund shall be expended in the following order:

6 (1) To make payments to beneficiaries or elementary or secondary schools
7 on behalf of beneficiaries.

8 (2) To make refunds.

9 C. Notwithstanding the provisions of any other law, if at any time the
10 amount in the Tuition and Savings Fund is insufficient to meet the payment demands
11 made upon the fund which represent obligations listed in Subsection B of this
12 Section, then the funds necessary to meet these payment obligations in full shall be
13 appropriated.

14 D. All disbursements from the program shall be made by the treasurer on
15 order of the authority.

16 E. The treasurer shall cause the investment of the assets of the program in
17 the fund and, notwithstanding R.S. 17:3129.4(C), may cause investment in any
18 investments in which public retirement boards are authorized by law to invest,
19 provided that up to one hundred percent of deposits to an education savings account
20 may be invested in equity securities when an account owner has selected an equity
21 investment option and that such investments in equity securities shall not be included
22 in any limitation on investment in equity securities. The instruments of title of all
23 investments shall be delivered to the state treasurer or to a qualified trustee
24 designated by him. Assets of the program in the fund shall be administered by the
25 treasurer so that the assets will achieve the highest possible investment return to
26 education savings accounts consistent with the security of principal, and be sufficient
27 to satisfy the obligations of the authority.

28 F. The authority shall maintain an individual account for each account
29 owner's agreement showing the beneficiary of that agreement and the accumulated

1 value of the principal deposited and interest earned on deposits pursuant to that
2 agreement. Upon request of any beneficiary or person who has entered into an
3 account owner's agreement, the authority shall provide a statement indicating, in the
4 case of a beneficiary or in the case of a person who has entered into an account
5 owner's agreement, the accumulated value of the principal deposited, interest earned
6 on deposits, and the amounts used or refunded, pursuant to the agreement. A
7 beneficiary and an account owner may request a statement under this Subsection at
8 anytime, subject to any fee that the authority may impose for requests in excess of
9 one per year.

10 G. In January of each year, the authority shall report to each person who
11 received any payment or refund from the authority during the preceding year
12 information relative to the value of such payment or refund.

13 H. All records of the authority indicating the identity of owners and
14 beneficiaries of education savings accounts and the amounts used or refunded under
15 an account owner's agreement are not public records.

16 §3100.9. Annual financial report; audits

17 The authority shall be audited in accordance with the provisions of R.S.
18 24:513. The audit shall be conducted in conjunction with the audit conducted
19 pursuant to R.S. 17:3099.1. A copy of the audit report shall be provided to the
20 governor and the legislature pursuant to R.S. 24:772. Copies of the audited financial
21 report also shall be made available, upon request, to persons entering into contracts
22 with the authority and to prospective account owners in education savings accounts.

23 §3100.10. Effectiveness

24 The authority shall undertake operation of the program created by this
25 Chapter upon receipt of an appropriation or an award or donation from any other
26 source sufficient to fund the authority's initial start-up and operational expenses.
27 Funds appropriated, awarded, or donated to the authority for this purpose shall be
28 carried forward from year to year and may be expended by the authority as
29 appropriated. Appropriations to the authority from the Tuition and Savings Fund

1 which remain at the end of each fiscal year shall not be returned to the general fund
2 but shall be deposited in the Tuition and Savings Fund.

3 * * *

4 §3129.4. Louisiana Education Tuition and Savings Plan and Fund

5 * * *

6 C.(1) There shall be established in the state treasury as a special permanent
7 fund the Louisiana Education Tuition and Savings Fund, hereinafter referred to as
8 the "Tuition and Savings Fund". The fund shall be comprised of ~~separate accounts~~
9 one account for both the Louisiana Student Tuition Assistance and Revenue Trust
10 Program established in Chapter 22-A of this Title and the Louisiana Student Tuition
11 Assistance and Revenue Trust Kindergarten Through Grade Twelve Program
12 established in Chapter 22-B of this Title and a separate account for the educational
13 savings program authorized by this Section. A "Savings Enhancement Fund" shall
14 be established as a special permanent sub-account within the Louisiana Student
15 Tuition Assistance and Revenue Trust Program and Louisiana Student Tuition
16 Assistance and Revenue Trust Kindergarten Through Grade Twelve Program
17 Account. As budgeted by the Louisiana Tuition Trust Authority, the legislature shall
18 annually appropriate state general funds to be deposited by the state treasurer in the
19 Savings Enhancement Fund. Monies in the Savings Enhancement Fund shall be
20 used, as appropriated, to make earnings enhancements to the beneficiaries of eligible
21 education savings accounts established under the Louisiana Student Tuition
22 Assistance and Revenue Trust Program by Chapter 22-A of this Title. All revenues
23 and interest earnings generated pursuant to programs of the Louisiana Education
24 Tuition and Savings Plan, ~~and~~ the Louisiana Student Tuition Assistance and Revenue
25 Trust Program, and the Louisiana Student Tuition Assistance and Revenue Trust
26 Kindergarten Through Grade Twelve Program shall be credited to their respective
27 fund accounts or sub-accounts. The monies in this fund shall be used solely to
28 finance the permitted educational benefits provided by the respective programs. All
29 unexpended and unencumbered monies in fund accounts and their respective sub-

1 accounts at the end of a fiscal year shall remain in such fund accounts or sub-
 2 accounts and be available for appropriation in the next fiscal year. The monies in the
 3 fund shall be invested by the state treasurer in accordance with state law and as
 4 provided for by program rules, regulations, and guidelines, and interest earned on the
 5 investment of these monies shall be credited to the respective fund accounts or sub-
 6 accounts, following compliance with the requirement of Article VII, Section 9(B) of
 7 the ~~constitution~~ Constitution of Louisiana relative to the Bond Security and
 8 Redemption Fund. However, principal deposited by account owners and interest
 9 earned thereon is not public money and therefore is not subject to the requirements
 10 of Article VII, Section 9(B) of the ~~constitution~~ Constitution of Louisiana.

11 (2) The legislature shall make yearly appropriations from the respective
 12 account and sub-account, if applicable, to the Board of Regents for the purposes
 13 established in this Section and to the Louisiana Tuition Trust Authority for the
 14 purposes established in Chapter 22-A and Chapter 22-B of this Title.

15 * * *

16 Section 3. R.S. 42:456.2 is hereby enacted to read as follows:

17 §456.2. Permitted withholding; Louisiana Student Tuition Assistance and Revenue

18 Trust Kindergarten Through Grade Twelve Program

19 A. Notwithstanding any law, rule, or regulation to the contrary, any
 20 employee of the state or of a political subdivision in the state may authorize his
 21 employing department, office, or agency to withhold from his salary a specific
 22 amount for such pay periods as may be designated, for deposit into an education
 23 savings account as provided for by R.S. 17:3100.1 et seq., relative to the Louisiana
 24 Student Tuition Assistance and Revenue Trust Kindergarten Through Grade Twelve
 25 Program, referred to in this Section as the "START K12 Program".

26 B. Distribution of funds to a START K12 Program education savings
 27 account shall be made based upon the payroll deduction collection record of the
 28 department, office, or agency.

1 Revenue Trust Program as provided for by Chapter 22-A of Title 17 of the Louisiana
 2 Revised Statutes of 1950, for the purpose of considering the eligibility of the
 3 taxpayer's beneficiary for participation in the Louisiana Student Tuition Assistance
 4 and Revenue Trust Kindergarten Through Grade Twelve Program as provided for by
 5 Chapter 22-B of Title 17 of the Louisiana Revised Statutes of 1950, or for the
 6 purpose of considering the eligibility of the taxpayer's dependent child for an award
 7 under the Louisiana Taylor Opportunity Program for Students as provided for by
 8 Chapter ~~20-G~~ 50 of Title 17 of the Louisiana Revised Statutes of 1950.

9 * * *

10 Section 6. Funds that were deposited prior to January 1, 2018, to an education
 11 savings account that was established in accordance with Chapter 22-A of Title 17 of the
 12 Louisiana Revised Statutes of 1950 may be disbursed in 2018 to pay tuition as defined in this
 13 Act at an elementary or secondary school as defined in this Act. Any such disbursement
 14 shall not include earnings enhancements or interest thereon that may have accrued to the
 15 account. The total amount of disbursements from all such accounts with respect to a
 16 beneficiary shall not exceed ten thousand dollars.

17 Section 7. This Act shall become effective upon signature by the governor or, if not
 18 signed by the governor, upon expiration of the time for bills to become law without signature
 19 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 20 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 21 effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 650 Re-Re-Reengrossed 2018 Regular Session Foil

Abstract: Creates the START K12 Program for education savings accounts for tuition expenses at elementary and secondary schools.

START and START K12 Programs, generally

Present law creates the La. Student Tuition Assistance and Revenue Trust (START) Program, an education savings program for certain expenses associated with enrolling in an

institution of postsecondary education. Provides for earnings enhancements (a "state match") on deposits between 2% and 14% annually; such rate depends on the account category and the account owner's income. Also exempts a portion of annual deposits from an account owner's state tax table income (up to \$2,400 for single filers and \$4,800 for joint filers, per account). Provides for administration by the La. Tuition Trust Authority (LATTA). Proposed law retains present law.

Proposed law creates the La. Student Tuition Assistance and Revenue Trust Kindergarten Through Grade Twelve (START K12) Program, an education savings program similar to the START program except that it is for certain expenses associated with enrolling in grades kindergarten through 12. Defines such expenses as tuition in connection with enrollment or attendance at a public or approved nonpublic elementary or secondary school in La., limited to grades kindergarten through 12. Limits disbursements of such expenses to a maximum of \$10,000 per tax year, per beneficiary. Provides for administration by LATTA. Does not provide a state match or for exemption of a portion of annual deposits from an account owner's state tax table income. (Legislation regarding tax exemptions during a Regular Session during an even-numbered year is prohibited by present constitution.) Prohibits a transfer or rollover from a START account to a START K12 account.

Louisiana Education Tuition and Savings Plan and Fund

Present law establishes in the state treasury as a special permanent fund the La. Education Tuition and Savings Fund, known as the "Tuition and Savings Fund". Provides for separate accounts for the START Program and for another education savings program authorized by present law. Provides that the legislature shall make yearly appropriations from the respective account to the LATTA for present law purposes.

Proposed law provides that the START Program account shall also be for the START K12 program and that appropriations to LATTA shall also be made for purposes of the START K12 program.

Abandoned property

Present law provides that property is presumed abandoned if it is unclaimed by the apparent owner during the time set forth in present law for the particular property. Proposed law adds that unclaimed funds in a START K12 account during any five-year period subsequent to the beneficiary's 20th birthday shall be presumed abandoned.

Payroll withholdings

Present law authorizes any employee of the state or a political subdivision in the state to authorize his employer to withhold from his salary amounts for deposit into a START account. Proposed law also grants such employees this authority relative to salary withholdings for deposits to START K12 accounts.

Public records

Present law provides a public records exception for all LATTA records indicating the identity of owners and beneficiaries of START education savings accounts and the amounts used or refunded under an account owner's agreement. Proposed law provides an additional public records exception for all such records relative to START K12 accounts.

Dept. of Revenue records

Present law provides that except as otherwise provided by present law, the records and files of the secretary of the Dept. of Revenue are confidential and privileged. Present law allows the department to furnish a taxpayer's reported federal adjusted gross income to the La. Office of Student Financial Assistance (LOSFA) for purposes of administering the START

program and the Taylor Opportunity Program for Students (TOPS). Proposed law also allows this for purposes of determining a beneficiary's eligibility for participation in the START K12 program.

Transitional provision

Proposed law allows funds deposited prior to Jan. 1, 2018, to a START account to be disbursed in 2018 to pay tuition at an elementary or secondary school. Provides that any such disbursement shall not include earnings enhancements or interest thereon. Limits the total amount of disbursements with respect to a beneficiary to \$10,000.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 9:154(A)(15), R.S. 17:3129.4(C), R.S. 44:4.1(B)(9), and R.S. 47:1508(B)(17); Adds 17:3100.1-3100.10 and R.S. 42:456.2)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Education to the original bill:

1. Remove proposed law providing for a "state match" (earnings enhancements) for START K12 program accounts.

The Committee Amendments Proposed by House Committee on Appropriations to the reengrossed bill:

1. Add transitional provision allowing funds deposited prior to Jan. 1, 2018, to a START account to be disbursed in 2018 for K-12 tuition; limited to \$10,000 per beneficiary.
2. Add exception to the confidentiality of Dept. of Revenue records for purposes of determining eligibility for participation in START K12 program.