

REFERENCE TITLE: family college savings program; treasurer

State of Arizona
Senate
Fifty-fourth Legislature
First Regular Session
2019

SB 1349

Introduced by
Senator Livingston

AN ACT

AMENDING SECTIONS 15-1871, 15-1872, 15-1873, 15-1874, 15-1875, 15-1878 AND 15-1879, ARIZONA REVISED STATUTES; RELATING TO THE FAMILY COLLEGE SAVINGS PROGRAM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Heading change

3 The article heading of title 15, chapter 14, article 7, Arizona
4 Revised Statutes, is changed from "COLLEGE SAVINGS PLAN" to "FAMILY
5 COLLEGE SAVINGS PROGRAM".

6 Sec. 2. Section 15-1871, Arizona Revised Statutes, is amended to
7 read:

8 15-1871. Definitions

9 In this article, unless the context otherwise requires:

10 1. "Account" means an individual trust account in the fund
11 established as prescribed in this article.

12 2. "Account owner" means the person who enters into a tuition
13 savings agreement pursuant to this article, who is an account owner within
14 the meaning of section 529 of the internal revenue code and who is
15 designated at the time an account is opened as having the right to
16 withdraw monies from the account before the account is disbursed to or for
17 the benefit of the designated beneficiary.

18 ~~3. "Commission" means the commission for postsecondary education
19 established by section 15-1851.~~

20 ~~4.~~ 3. "Committee" means the family college savings program
21 oversight committee.

22 ~~5.~~ 4. "Designated beneficiary" means a person who qualifies as a
23 designated beneficiary under section 529 of the internal revenue code and,
24 except as provided in section 15-1875, subsections P and Q, with respect
25 to an account, who is designated at the time the account is opened as the
26 person whose **QUALIFIED** higher education expenses are expected to be paid
27 from the account or, if this designated beneficiary is replaced in
28 accordance with section 15-1875, subsections D, E and F, the replacement
29 beneficiary.

30 ~~6.~~ 5. "Eligible educational institution" means an institution of
31 higher education that qualifies under section 529 of the internal revenue
32 code as an eligible educational institution.

33 ~~7.~~ 6. "Financial institution" means any bank, commercial bank,
34 national bank, savings bank, savings and loan association, credit union,
35 insurance company, brokerage firm or other similar entity that is
36 authorized to do business in this state.

37 ~~8.~~ 7. "Fund" means the family college savings program trust fund
38 that constitutes a public instrumentality of this state and that is
39 established by section 15-1873.

40 ~~9.~~ 8. "Member of the family" means any of the following:

41 (a) A son or daughter of a person or a descendant of the son or
42 daughter of the person.

43 (b) A stepson or stepdaughter of a person.

1 (c) A brother, sister, stepbrother or stepsister of a person. For
2 the purposes of this subdivision, "brother" and "sister" includes a
3 brother or sister by the half-blood.

4 (d) The father or mother of a person or the ancestor of the father
5 or mother of a person.

6 (e) A stepfather or stepmother of a person.

7 (f) A son or daughter of a person's brother or sister. For the
8 purposes of this subdivision, "brother" and "sister" includes a brother or
9 sister by the half-blood.

10 (g) A brother or sister of the person's father or mother. For the
11 purposes of this subdivision, "brother" and "sister" includes a brother or
12 sister by the half-blood.

13 (h) A son-in-law, daughter-in-law, father-in-law, mother-in-law,
14 brother-in-law or sister-in-law of a person.

15 (i) The spouse of a person or the spouse of any individual
16 described in this paragraph.

17 (j) A first cousin of a person.

18 (k) Any individual who meets the criteria for family membership
19 described in this paragraph as a result of legal adoption.

20 ~~10.~~ 9. "Nonqualified withdrawal" means a withdrawal from an account
21 other than one of the following:

22 (a) A qualified withdrawal.

23 (b) A withdrawal made as the result of the death or disability of
24 the designated beneficiary of an account.

25 (c) A withdrawal that is made on the account of a scholarship, or
26 the allowance or payment described in section 135(d)(1)(B) or (C) of the
27 internal revenue code, and that is received by the designated beneficiary,
28 but only to the extent of the amount of this scholarship, allowance or
29 payment.

30 (d) A rollover or change of designated beneficiary.

31 ~~11.~~ 10. "Person" means an individual, an individual's legal
32 representative or any other legal entity authorized to establish a savings
33 account under section 529 of the internal revenue code and the
34 corresponding regulations.

35 ~~12.~~ 11. "Program" means the family college savings program that is
36 established under this article and that constitutes a qualified tuition
37 program as defined in section 529 of the internal revenue code.

38 ~~13.~~ 12. "Qualified higher education expenses":

39 (a) Means:

40 (i) Tuition, fees, books, supplies, room and board and equipment
41 required for ~~enrollment or attendance of~~ a designated beneficiary ~~TO~~
42 ~~ENROLL~~ at ~~OR ATTEND~~ an eligible educational institution. ~~and~~

43 (ii) Expenses for special needs services in the case of a special
44 needs beneficiary that are incurred in connection with ~~enrollment~~
45 ~~ENROLLING~~ or ~~attendance~~ ~~ATTENDING~~, if these expenses meet the definition

1 of qualified higher education expenses in section 529 of the internal
2 revenue code.

3 (iii) EXPENSES TO PURCHASE A COMPUTER, PERIPHERAL EQUIPMENT,
4 COMPUTER SOFTWARE OR INTERNET ACCESS AND RELATED SERVICES IF THE COMPUTER
5 EQUIPMENT, SOFTWARE OR SERVICES ARE TO BE USED PRIMARILY BY THE
6 BENEFICIARY DURING THE YEARS THE BENEFICIARY IS ENROLLED AT AN ELIGIBLE
7 EDUCATIONAL INSTITUTION AND IF THESE EXPENSES MEET THE DEFINITION OF
8 QUALIFIED HIGHER EDUCATION EXPENSES IN SECTION 529 OF THE INTERNAL REVENUE
9 CODE.

10 (b) INCLUDES TUITION TO ENROLL OR ATTEND AN ELEMENTARY OR SECONDARY
11 PUBLIC, PRIVATE OR RELIGIOUS SCHOOL PURSUANT TO SECTION 529 OF THE
12 INTERNAL REVENUE CODE.

13 ~~14.~~ 13. "Qualified withdrawal" means a withdrawal from an account
14 to pay EITHER:

15 (a) The qualified higher education expenses of the designated
16 beneficiary of the account, but only if the withdrawal is made in
17 accordance with this article.

18 (b) FOR TUITION OF LESS THAN \$10,000 TO ENROLL OR ATTEND AN
19 ELEMENTARY OR SECONDARY PUBLIC, PRIVATE OR RELIGIOUS SCHOOL PURSUANT TO
20 SECTION 529 OF THE INTERNAL REVENUE CODE OF THE DESIGNATED BENEFICIARY OF
21 THE ACCOUNT, BUT ONLY IF THE WITHDRAWAL IS MADE IN ACCORDANCE WITH THIS
22 ARTICLE.

23 ~~15.~~ 14. "Section 529 of the internal revenue code" means section
24 529 of the internal revenue code of 1986, as amended, and the final
25 regulations issued pursuant to that section.

26 15. "TREASURER" MEANS THE STATE TREASURER.

27 16. "Trust interest" means an account owner's interest in the fund
28 created by a tuition savings agreement for the benefit of a designated
29 beneficiary.

30 17. "Tuition savings agreement" means an agreement between the
31 ~~commission~~ TREASURER, as trustee of the fund, and an account owner that
32 creates an interest in the fund and that provides for participation in the
33 program.

34 Sec. 3. Section 15-1872, Arizona Revised Statutes, is amended to
35 read:

36 15-1872. Family college savings program oversight committee;
37 membership; powers and duties

38 A. The family college savings program oversight committee is
39 established in the ~~commission for postsecondary education~~ OFFICE OF THE
40 TREASURER. The committee consists of the following members:

- 41 1. The state treasurer or the state treasurer's designee.
- 42 2. The chairperson of the state board for private postsecondary
43 education or the chairperson's designee.
- 44 3. Three members of the general public, each of whom possesses
45 knowledge, skill and experience in accounting, risk management or

1 investment management or as an actuary. The governor shall appoint these
2 members to serve staggered ~~four-year~~ FOUR-YEAR terms pursuant to section
3 38-211. The initial members appointed pursuant to this paragraph shall
4 assign themselves by lot to serve two, three and four year terms. The
5 chairperson shall notify the governor's office on appointments of these
6 terms. All subsequent members appointed pursuant to this paragraph serve
7 ~~four-year~~ FOUR-YEAR terms.

8 4. A certified financial planner who is appointed by the governor.

9 5. A certified public accountant who is appointed by the governor.

10 6. An attorney with a state bar of Arizona certification in estates
11 and trusts who is appointed by the governor.

12 7. An individual with investment, asset management and financial
13 related expertise who is appointed by the governor.

14 8. An individual employed by a community college or university with
15 investment, asset management and financial related expertise who is
16 appointed by the governor.

17 B. The ~~commission~~ TREASURER shall select a chairperson and a
18 vice-chairperson from among the committee's membership. A majority of the
19 membership constitutes a quorum for the transaction of business. The
20 committee shall meet at least once each calendar quarter. The chairperson
21 may call additional meetings.

22 C. The member of the family college savings program oversight
23 committee appointed pursuant to subsection A, paragraph 6 of this section
24 is eligible to receive compensation as determined pursuant to section
25 38-611 for each day of attendance at committee meetings, except that the
26 compensation of the member shall not exceed ~~five hundred dollars~~ \$500 in
27 any year. The ~~commission~~ TREASURER shall pay compensation pursuant to
28 this subsection from monies of the ~~commission~~ TREASURER.

29 D. The committee shall recommend financial institutions for
30 approval by the ~~commission~~ TREASURER to act as the depositories and
31 managers of family college savings accounts pursuant to section 15-1874.

32 E. The committee may submit proposed rules to the ~~commission~~
33 TREASURER to assist in ~~the implementation~~ IMPLEMENTING and ~~administration~~
34 ~~of~~ ADMINISTERING this article.

35 F. Members of the committee are immune from personal liability with
36 respect to all actions that are taken in good faith and within the scope
37 of the committee's authority.

38 Sec. 4. Section 15-1873, Arizona Revised Statutes, is amended to
39 read:

40 15-1873. Treasurer; powers and duties; family college savings
41 program trust fund

42 A. The ~~commission~~ TREASURER shall:

43 1. Develop and implement the program in a manner consistent with
44 this article ~~through the adoption of~~ BY ADOPTING rules, guidelines and
45 procedures.

1 2. Retain professional services, if necessary, including
2 accountants, auditors, consultants and other experts.

3 3. Seek rulings and other guidance from the United States
4 department of the treasury and the internal revenue service relating to
5 the program.

6 4. Make changes to the program required for the participants in the
7 program to obtain the federal income tax benefits or treatment provided by
8 section 529 of the internal revenue code.

9 5. Interpret, in rules, policies, guidelines and procedures, ~~the~~
10 ~~provisions of~~ this article broadly in light of its purpose and objectives.

11 6. Charge, impose and collect administrative fees and service
12 charges in connection with any agreement, contract or transaction relating
13 to the program.

14 7. Negotiate and select the financial institution or institutions
15 to act as the depository and manager of the program in accordance with
16 this article.

17 8. As an agency of this state, act as trustee of the fund.

18 9. Maintain the program on behalf of this state as required by
19 section 529 of the internal revenue code.

20 10. Enter into tuition savings agreements with account owners
21 pursuant to this article.

22 B. The family college savings program trust fund is established
23 consisting of the assets of the family college savings program. The
24 ~~commission~~ TREASURER shall administer the fund and shall act as the sole
25 trustee of the fund. Monies in the fund are continuously appropriated.
26 The fund is designated a public instrumentality of this state that is
27 created for an essential public purpose. Trust interests in the fund
28 shall be designated by the ~~commission~~ TREASURER for each account owner.
29 The fund shall be separated into a trust account and an operating account.
30 The trust account shall include amounts received by the family college
31 savings program from account owners pursuant to tuition savings agreements
32 and interest and investment income earned by the fund. The ~~commission~~
33 TREASURER shall make transfers from the trust account to the operating
34 account as necessary for the immediate payment of obligations under
35 tuition savings agreements, operating expenses and administrative costs of
36 the family college savings program. The ~~commission~~ TREASURER shall
37 deposit and invest monies or other amounts in the fund with financial
38 institutions in accordance with section 15-1874.

39 Sec. 5. Section 15-1874, Arizona Revised Statutes, is amended to
40 read:

41 15-1874. Use of contractor as account depository and manager

42 A. The ~~commission~~ TREASURER shall ~~implement the operation of~~
43 OPERATE the program ~~through the use of~~ BY USING one or more financial
44 institutions to act as the depositories of the fund and managers of the
45 program. Under the program, persons may ~~submit applications for~~

1 ~~enrollment~~ APPLY TO ENROLL in the program and establish accounts in the
2 fund at the financial institution. Monies paid by account owners to the
3 fund for deposit in accounts maintained by the fund at a financial
4 institution shall be paid to the financial institution as an agent of the
5 fund, and the tuition savings agreements shall provide that all monies
6 paid by account owners to fund accounts held at financial institutions are
7 ~~being~~ paid to the fund.

8 B. The committee shall solicit proposals from financial
9 institutions to act as the depositories of fund monies and managers of the
10 program. Financial institutions that submit proposals must describe the
11 financial instruments that will be held in accounts. The ~~commission~~
12 TREASURER shall select proposals from financial institutions to act as
13 depositories and managers, and the solicitation and selection process is
14 exempt from the procurement code requirements of title 41, chapter 23.

15 C. On the recommendation of the committee, the ~~commission~~ TREASURER
16 shall select the financial institution or institutions to implement the
17 program from among bidding financial institutions that demonstrate the
18 most advantageous combination, both to potential program participants and
19 this state, of the following factors:

20 1. Financial stability and integrity.

21 2. The safety of the investment instruments being offered, taking
22 into account any insurance provided with respect to these instruments.

23 3. The ability of the investment instruments to track estimated
24 costs of higher education as calculated by the ~~commission~~ TREASURER and
25 provided by the financial institution to the account holder.

26 4. The ability of the financial institutions, directly or through a
27 subcontract, to satisfy ~~record-keeping~~ RECORDKEEPING and reporting
28 requirements.

29 5. The financial institution's plan for promoting the program and
30 the investment it is willing to make to promote the program.

31 6. The fees, if any, proposed to be charged to persons for
32 maintaining accounts.

33 7. The minimum initial deposit and minimum contributions that the
34 financial institution will require for the investment of fund monies and
35 the willingness of the financial institution to accept contributions
36 through payroll deduction plans and other deposit plans.

37 8. Any other benefits to this state or its residents included in
38 the proposal, including an account opening fee payable to the ~~commission~~
39 TREASURER by the account owner and an additional fee from the financial
40 institution for statewide program marketing by the ~~commission~~ TREASURER.

41 D. The ~~commission~~ TREASURER shall enter into a contract with a
42 financial institution, ~~or~~, except as provided in subsection E of this
43 section, contracts with financial institutions, ~~to~~ to serve as program
44 managers and depositories. Program management contracts shall provide the
45 terms and conditions by which financial institutions shall sell interests

1 in the fund to account owners, invest monies in the fund and manage the
2 program.

3 E. The ~~commission~~ TREASURER may select more than one financial
4 institution and investment for the program if both of the following
5 conditions exist:

6 1. The United States internal revenue service has provided guidance
7 that giving a contributor a choice of two investment instruments under a
8 state plan will not cause the plan to fail to qualify for favorable tax
9 treatment under section 529 of the internal revenue code.

10 2. The ~~commission~~ TREASURER concludes that the choice of instrument
11 vehicles is in the best interest of college savers and will not interfere
12 with the promotion of the program.

13 F. A program manager shall:

14 1. Take all action required to keep the program in compliance with
15 the requirements of this article and all action not contrary to this
16 article or its contract to manage the program so that it is treated as a
17 qualified tuition plan under section 529 of the internal revenue code.

18 2. Keep adequate records of each of the fund's accounts, keep each
19 account segregated from each other account and provide the ~~commission~~
20 TREASURER with the information necessary to prepare statements required by
21 section 15-1875, subsections M, N and O or file these statements on behalf
22 of the ~~commission~~ TREASURER.

23 3. Compile and total information contained in statements required
24 to be prepared under section 15-1875, subsections M, N and O and provide
25 these compilations to the ~~commission~~ TREASURER.

26 4. If there is more than one program manager, provide the
27 ~~commission~~ TREASURER with this information to assist the ~~commission~~
28 TREASURER to determine compliance with section 15-1875, subsection L.

29 5. Provide representatives of the ~~commission~~ TREASURER, including
30 other contractors or other state agencies, access to the books and records
31 of the program manager to the extent needed to determine compliance with
32 the contract.

33 6. Hold all accounts in the name of and for the benefit of the fund
34 and this state.

35 G. Any contract executed between the ~~commission~~ TREASURER and a
36 financial institution pursuant to this section shall be for a term of at
37 least three years and not more than seven years.

38 H. The ~~commission~~ TREASURER may terminate a contract with a
39 financial institution at any time for good cause on the recommendation of
40 the committee. If a contract is terminated pursuant to this subsection,
41 the ~~commission~~ TREASURER shall take custody of accounts held at that
42 financial institution and shall seek to promptly transfer the accounts to
43 another financial institution that is selected as a program manager and
44 into investment instruments as similar to the original investments as
45 possible.

1 I. If the ~~commission~~ TREASURER determines not to renew the
2 appointment of a financial institution as a program manager, the
3 ~~commission~~ TREASURER may take action consistent with the interests of the
4 program and the accounts and in accordance with its duties as the trustee
5 of the fund, including ~~termination of~~ TERMINATING all services or
6 ~~continuation of~~ CONTINUING certain management and administrative services
7 of that financial institution for accounts of the program managed by that
8 financial institution during its term as a program manager, if any
9 continuation of services is only permitted under the following conditions:

10 1. The ~~commission~~ TREASURER and the financial institution enter
11 into a written agreement specifying the rights of the program and the
12 ~~commission~~ TREASURER and the responsibilities of the financial
13 institution, including the standards that continue to ~~be applicable to~~
14 APPLY the accounts as accounts of the program.

15 2. Any services provided by the financial institution to accounts
16 continue to be subject to the control of the ~~commission~~ TREASURER as the
17 trustee of the fund with responsibility of all accounts of the program.

18 Sec. 6. Section 15-1875, Arizona Revised Statutes, is amended to
19 read:

20 15-1875. Program requirements

21 A. The program shall be operated through the use of accounts in the
22 fund established by account owners. Payments to the fund for
23 participation in the program shall be made by account owners pursuant to
24 tuition savings agreements. An account may be opened by any person who
25 desires to invest in the fund and to save to pay qualified higher
26 education expenses by satisfying each of the following requirements:

27 1. Completing an application in the form prescribed by the
28 ~~commission~~ TREASURER. The application shall include the following
29 information:

30 (a) The name, address and social security number or employer
31 identification number of the contributor.

32 (b) The name, address and social security number of the account
33 owner if the account owner is not the contributor.

34 (c) The name, address and social security number of the designated
35 beneficiary.

36 (d) The certification relating to no excess contributions required
37 by subsection L OF THIS SECTION.

38 (e) Any other information that the ~~commission~~ TREASURER may
39 require.

40 2. Paying the ~~one-time~~ ONETIME application fee established by the
41 ~~commission~~ TREASURER.

42 3. Making the minimum contribution required by the ~~commission~~
43 TREASURER or by opening an account.

44 4. Designating the type of account to be opened if more than one
45 type of account is offered.

1 B. Any person may make contributions to an account after the
2 account is opened.

3 C. Contributions to accounts may be made only in cash.

4 D. An account owner may change the designated beneficiary of an
5 account to an individual who is a member of the family of the former
6 designated beneficiary in accordance with procedures established by the
7 ~~commission~~ TREASURER.

8 E. On the direction of an account owner, all or a portion of an
9 account may be transferred to another account of which the designated
10 beneficiary is a member of the family of the designated beneficiary of the
11 transferee account.

12 F. Changes in designated beneficiaries and rollovers under this
13 section are not permitted if the changes or rollovers would violate either
14 of the following:

15 1. Subsection L OF THIS SECTION, relating to excess contributions.

16 2. Subsection I OF THIS SECTION, relating to investment choice.

17 G. Each account shall be maintained separately from each other
18 account under the program.

19 H. Separate records and accounting shall be maintained for each
20 account for each designated beneficiary.

21 I. ~~No~~ A contributor to, account owner of or designated beneficiary
22 of any account may NOT direct the investment, within the meaning of
23 section 529 of the internal revenue code, of any contributions to an
24 account or the earnings from the account.

25 J. If the ~~commission~~ TREASURER terminates the authority of a
26 financial institution to hold accounts and accounts must be moved from
27 that financial institution to another financial institution, the
28 ~~commission~~ TREASURER shall select the financial institution and type of
29 investment to which the balance of the account is moved unless the
30 internal revenue service provides guidance stating that allowing the
31 account owner to select among several financial institutions that are then
32 contractors would not cause a plan to cease to be a qualified tuition
33 plan.

34 K. Neither an account owner nor a designated beneficiary may use an
35 interest in an account as security for a loan. Any pledge of an interest
36 in an account is of no force and effect.

37 L. On the recommendation of the committee, the ~~commission~~ TREASURER
38 shall adopt rules to prevent contributions on behalf of a designated
39 beneficiary in excess of those necessary to pay the qualified higher
40 education expenses of the designated beneficiaries. The rules shall
41 address the following:

42 1. Procedures for aggregating the total balances of multiple
43 accounts established for a designated beneficiary.

44 2. The establishment of a maximum total balance for the purpose of
45 prohibiting contributions to accounts established for a designated

1 beneficiary if the contributions would cause the maximum total balance to
2 be exceeded.

3 3. The ~~commission~~ TREASURER shall review the quarterly reports
4 received from participating financial institutions and certify that the
5 balance in all qualified tuition programs, as defined in section 529 of
6 the internal revenue code, of which that person is the designated
7 beneficiary does not exceed the lesser of:

8 (a) A maximum college savings amount established by the ~~commission~~
9 TREASURER from time to time.

10 (b) The cost in current dollars of qualified higher education
11 expenses that the contributor reasonably anticipates the designated
12 beneficiary will incur.

13 4. Requirements that any excess contributions with respect to a
14 designated beneficiary be promptly withdrawn in a nonqualified withdrawal
15 or rolled over to another account in accordance with this section.

16 M. If there is any distribution from an account to any person or
17 for the benefit of any person during a calendar year, the distribution
18 shall be reported to the internal revenue service and the account owner or
19 the designated beneficiary to the extent required by federal law.

20 N. The financial institution shall provide statements to each
21 account owner at least once each year within thirty-one days after the
22 ~~twelve-month~~ TWELVE-MONTH period to which they relate. The statement
23 shall identify the contributions made during a preceding ~~twelve-month~~
24 TWELVE-MONTH period, the total contributions made through the end of the
25 period, the value of the account as of the end of this period,
26 distributions made during this period and any other matters that the
27 ~~commission~~ TREASURER requires be reported to the account owner.

28 O. Statements and information returns relating to accounts shall be
29 prepared and filed to the extent required by federal or state tax law.

30 P. A state or local government or organizations described in
31 section 501(c)(3) of the internal revenue code may open and become the
32 account owner of an account to fund scholarships for persons whose
33 identity will be determined after an account is opened.

34 Q. In the case of any account described in subsection P OF THIS
35 SECTION, the requirement that a designated beneficiary be designated when
36 an account is opened does not apply and each person who receives an
37 interest in the account as a scholarship shall be treated as a designated
38 beneficiary with respect to the interest.

39 R. Any social security numbers, addresses or telephone numbers of
40 individual account holders and designated beneficiaries that come into the
41 possession of the ~~commission~~ TREASURER are confidential, are not public
42 records and shall not be released by the ~~commission~~ TREASURER.

43 S. An account owner may transfer ownership rights to another
44 eligible account owner.

45 T. An account owner may designate successor account owners.

1 U. THROUGH DECEMBER 31, 2025, ON DIRECTION OF AN ACCOUNT OWNER, UP
2 TO \$15,000 OF AN ACCOUNT MAY ROLL OVER TO AN ACHIEVING A BETTER LIFE
3 EXPERIENCE ACT ACCOUNT ESTABLISHED PURSUANT TO 26 UNITED STATES CODE
4 SECTION 529A.

5 Sec. 7. Section 15-1878, Arizona Revised Statutes, is amended to
6 read:

7 15-1878. Limit of article

8 A. ~~Nothing in~~ This article ~~shall be construed to~~ DOES NOT:

9 1. Give any designated beneficiary any rights or legal interest
10 with respect to an account unless the designated beneficiary is the
11 account owner.

12 2. Guarantee that a designated beneficiary will be admitted to an
13 eligible educational institution or be allowed to continue enrollment at
14 or graduate from an eligible educational institution located in this state
15 after admission.

16 3. Establish state residency for a person merely because the person
17 is a designated beneficiary.

18 4. Guarantee that amounts saved pursuant to the program will be
19 sufficient to cover the qualified higher education expenses of a
20 designated beneficiary.

21 B. ~~Nothing in~~ This article ~~establishes~~ DOES NOT ESTABLISH any
22 obligation of this state or any agency or instrumentality of this state to
23 guarantee for the benefit of any account owner, contributor to an account
24 or designated beneficiary any of the following:

25 1. The return of any amounts contributed to an account.

26 2. The rate of interest or other return on any account.

27 3. The payment of interest or other return on any account.

28 4. Tuition rates or the cost of related higher education
29 expenditures.

30 C. Under rules adopted by the ~~commission~~ TREASURER, every contract,
31 application, deposit slip or other similar document that may be used in
32 connection with a contribution to an account shall clearly indicate that
33 the account is not insured by this state and ~~neither~~ THAT the principal
34 deposited ~~nor~~ AND the investment return ~~is~~ ARE guaranteed by this state.

35 Sec. 8. Section 15-1879, Arizona Revised Statutes, is amended to
36 read:

37 15-1879. Annual report

38 The ~~commission~~ TREASURER shall submit an annual report to the
39 speaker of the house of representatives, the president of the senate and
40 the governor by March 1 that summarizes the ~~commission's~~ TREASURER'S
41 findings and recommendations concerning the program established by this
42 article.