State of Arizona
Senate
Fifty-fourth Legislature
Second Regular Session
2020

CHAPTER 88
SENATE BILL 1528

AN ACT
AMENDING SECTIONS 15-1871, 15-1872, 15-1873, 15-1874, 15-1875, 15-1878,
15-1879, 35-311 AND 41-172, ARIZONA REVISED STATUTES; AMENDING TITLE 41,
CHAPTER 1, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-175;
APPROPRIATING MONIES; RELATING TO THE FAMILY COLLEGE SAVINGS PROGRAM.

(TEXT OF BILL BEGINS ON NEXT PAGE)
Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 15-1871, Arizona Revised Statutes, is amended to read:

15-1871. Definitions
In this article, unless the context otherwise requires:

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

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

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

4. "Committee" means the family college savings program oversight committee.

5. "BOARD" MEANS THE STATE BOARD OF INVESTMENT.

6. "Designated beneficiary" means a person who qualifies as a designated beneficiary under section 529 of the internal revenue code and, except as provided in section 15-1875, subsections P and Q, with respect to an account, who is designated at the time the account is opened as the person whose qualified higher education expenses are expected to be paid from the account or, if this designated beneficiary is replaced in accordance with section 15-1875, subsections D, E and F, the replacement beneficiary.

7. "Eligible educational institution" means an institution of higher education that qualifies under section 529 of the internal revenue code as an eligible educational institution.

8. "Financial institution" means THE STATE TREASURER'S OFFICE OR any bank, commercial bank, national bank, savings bank, savings and loan association, credit union, insurance company, brokerage firm or other similar entity that is authorized to do business in this state.

9. "Fund" means the family college savings program trust fund that constitutes a public instrumentality of this state and that is established by section 15-1873.

10. "Member of the family" means any of the following:
(a) A son or daughter of a person or a descendant of the son or daughter of the person.
(b) A stepson or stepdaughter of a person.
(c) A brother, sister, stepbrother or stepsister of a person. For the purposes of this subdivision, "brother" and "sister" includes a brother or sister by the half-blood.
(d) The father or mother of a person or the ancestor of the father or mother of a person.
(e) A stepfather or stepmother of a person.

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

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

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

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

(j) A first cousin of a person.

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

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

(a) A qualified withdrawal.

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

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

(d) A rollover or change of designated beneficiary.

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

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

13. "Qualified higher education expenses":

(a) Means:

(i) Tuition, fees, books, supplies, room and board and equipment required for a designated beneficiary to enroll at or attend an eligible educational institution.

(ii) Expenses for special needs services in the case of a special needs beneficiary that are incurred in connection with enrolling or attending, if these expenses meet the definition of qualified higher education expenses in section 529 of the internal revenue code.

(iii) Expenses to purchase a computer, peripheral equipment, computer software or internet access and related services if the computer equipment, software or services are to be used primarily by the beneficiary during the years the beneficiary is enrolled at an eligible educational institution.
(iv) EXPENSES FOR FEES, BOOKS, SUPPLIES AND EQUIPMENT REQUIRED FOR
A DESIGNATED BENEFICIARY TO PARTICIPATE IN AN APPRENTICESHIP PROGRAM THAT
IS REGISTERED AND CERTIFIED WITH THE UNITED STATES SECRETARY OF LABOR
UNDER SECTION 1 OF THE NATIONAL APPRENTICESHIP ACT (50 STAT. 664; 29
UNITED STATES CODE SECTION 50) IF THESE EXPENSES MEET THE DEFINITION OF
QUALIFIED HIGHER EDUCATION EXPENSES IN SECTION 529 OF THE INTERNAL REVENUE
CODE.

(b) Includes tuition to enroll in or attend an elementary or
secondary public, private or religious school pursuant to section 529 of
the internal revenue code.

(c) INCLUDES AMOUNTS PAID AS PRINCIPAL OR INTEREST ON ANY QUALIFIED
EDUCATION LOAN AS DEFINED IN SECTION 221(d) OF THE INTERNAL REVENUE CODE
OF THE DESIGNATED BENEFICIARY OR A BROTHER, SISTER, STEPBROTHER OR
STEPSISTER OF THE DESIGNATED BENEFICIARY PURSUANT TO SECTION 529 OF THE
INTERNAL REVENUE CODE.

14. "Qualified withdrawal" means a withdrawal from an account
to pay either ANY OF THE FOLLOWING:

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

(b) Tuition of less than $10,000 to enroll in or attend an
elementary or secondary public, private or religious school pursuant to
section 529 of the internal revenue code of the designated beneficiary of
the account, but only if the withdrawal is made in accordance with this
article.

(c) AMOUNTS PAID AS PRINCIPAL OR INTEREST ON ANY QUALIFIED
EDUCATION LOAN AS DEFINED IN SECTION 221(d) OF THE INTERNAL REVENUE CODE
OF THE DESIGNATED BENEFICIARY OR A BROTHER, SISTER, STEPBROTHER OR
STEPSISTER OF THE DESIGNATED BENEFICIARY, BUT ONLY IF THE WITHDRAWAL IS
MADE IN ACCORDANCE WITH THIS ARTICLE. THE AMOUNT OF QUALIFIED WITHDRAWALS
UNDER THIS ARTICLE WITH RESPECT TO THE LOANS OF ANY DESIGNATED BENEFICIARY
OR A BROTHER, SISTER, STEPBROTHER OR STEPSISTER OF THE DESIGNATED
BENEFICIARY MAY NOT EXCEED $10,000, REDUCED BY THE AMOUNT OF WITHDRAWALS
SO TREATED FOR ALL PRIOR TAXABLE YEARS.

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

16. "Trust interest" means an account owner's interest in the fund
created by a tuition savings agreement for the benefit of a designated
beneficiary.
17. "Tuition savings agreement" means an agreement between the commission BOARD, as trustee of the fund, and an account owner that creates an interest in the fund and that provides for participation in the program.

Sec. 2. Section 15-1872, Arizona Revised Statutes, is amended to read:

15-1872. Family college savings program; state board of investment; powers and duties

A. The family college savings program oversight committee is established in the commission for postsecondary education. The committee consists of the following members:

1. The state treasurer or the state treasurer's designee.
2. The chairperson of the state board for private postsecondary education or the chairperson's designee.
3. Three members of the general public, each of whom possesses knowledge, skill and experience in accounting, risk management or investment management or as an actuary. The governor shall appoint these members to serve staggered four year terms pursuant to section 38-211. The initial members appointed pursuant to this paragraph shall assign themselves by lot to serve two, three and four year terms. The chairperson shall notify the governor's office on appointments of these terms. All subsequent members appointed pursuant to this paragraph serve four year terms.
4. A certified financial planner who is appointed by the governor.
5. A certified public accountant who is appointed by the governor.
6. An attorney with a state bar of Arizona certification in estates and trusts who is appointed by the governor.
7. An individual with investment, asset management and financial related expertise who is appointed by the governor.
8. An individual employed by a community college or university with investment, asset management and financial related expertise who is appointed by the governor.

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

C. The member of the family college savings program oversight committee appointed pursuant to subsection A, paragraph 6 of this section is eligible to receive compensation as determined pursuant to section 38-611 for each day of attendance at committee meetings, except that the compensation of the member shall not exceed five hundred dollars in any year. The commission shall pay compensation pursuant to this subsection from monies of the commission.
D. A. The committee BOARD shall recommend APPROVE financial institutions for approval by the commission to act as the depositories and managers of family college savings accounts pursuant to section 15-1874.

E. B. The committee BOARD may submit proposed ADOPT rules to the commission to assist in the implementation IMPLEMENTING and administration ADMINISTERING this article.

F. C. Members of the committee BOARD are immune from personal liability with respect to all actions that are taken in good faith and within the scope of the committee’s BOARD’S authority.

Sec. 3. Section 15-1873, Arizona Revised Statutes, is amended to read:

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

A. The commission TREASURER shall:

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

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

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

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

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

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

7. Negotiate and select the financial institution or institutions to act as the depository and manager of the program in accordance with this article. ON APPROVAL BY THE BOARD, THE TREASURER MAY USE EXISTING INVESTMENT FUNDS ESTABLISHED PURSUANT TO SECTIONS 35-314.03, 35-316 AND 35-326 FOR THIS PURPOSE.

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

9. Enter into tuition savings agreements with account owners pursuant to this article.

B. The family college savings program trust fund is established consisting of the assets of the family college savings program. The commission TREASURER shall administer the fund and THE BOARD shall act as the sole trustee TRUSTEE of the fund. Monies in the fund are continuously appropriated. The fund is designated a public instrumentality of this
state that is created for an essential public purpose. Trust interests in
the fund shall be designated by the commission TREASURER for each account
owner. The fund shall be separated into a trust account and an operating
account. The trust account shall include amounts received by the family
college savings program from account owners pursuant to tuition savings
agreements and interest and investment income earned by the fund. The
commission TREASURER shall make transfers from the trust account to the
operating account as necessary for the immediate payment of obligations
under tuition savings agreements, operating expenses and administrative
costs of the family college savings program. The commission TREASURER
shall deposit and invest monies or other amounts in the fund with
financial institutions in accordance with section 15-1874.
Sec. 4. Section 15-1874, Arizona Revised Statutes, is amended to
read:

15-1874. Use of contractor as account depository and manager
A. The commission TREASURER shall implement the operation of the
program through the use of one or more financial institutions to act as
the depositories of the fund and managers of the program. Under the
program, persons may submit applications for enrollment in the program and
establish accounts in the fund at the financial institution. Monies paid
by account owners to the fund for deposit in accounts maintained by the
fund at a financial institution shall be paid to the financial institution
as an agent of the fund and the tuition savings agreements shall provide
that all monies paid by account owners to fund accounts held at financial
institutions are being paid to the fund.

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

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

1. Financial stability and integrity.
2. The safety of the investment instruments being offered, taking
into account any insurance provided with respect to these instruments.
3. The ability of the investment instruments to track estimated
costs of higher education as calculated by the commission TREASURER and
provided by the financial institution to the account holder.
4. The ability of the financial institutions, directly or through a subcontract, to satisfy record-keeping and reporting requirements.

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

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

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

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

D. ON APPROVAL BY THE BOARD, the commission TREASURER shall enter into a contract with a financial institution, or except as provided in subsection E of this section, contracts with financial institutions, to serve as program managers and depositories. Program management contracts shall provide the terms and conditions by which financial institutions shall sell interests in the fund to account owners, invest monies in the fund and manage the program.

E. The commission BOARD may select more than one financial institution and investment for the program if both of the following conditions exist:

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

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

F. A program manager shall:

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

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

3. Compile and total information contained in statements required to be prepared under section 15-1875, subsections M, N and O and provide these compilations to the commission TREASURER.
4. If there is more than one program manager, provide the commission TREASURER with this information to assist the commission TREASURER to determine compliance with section 15-1875, subsection L.  
5. Provide representatives of the commission TREASURER, including other contractors or other state agencies, access to the books and records of the program manager to the extent needed to determine compliance with the contract.  
6. Hold all accounts in the name of and for the benefit of the fund and this state.  

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

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

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

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

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

Sec. 5. Section 15-1875, Arizona Revised Statutes, is amended to read:  

15-1875. Program requirements  
A. The program shall be operated through the use of accounts in the fund established by account owners. Payments to the fund for participation in the program shall be made by account owners pursuant to tuition savings agreements. An account may be opened by any person who
desires to invest in the fund and to save to pay qualified higher education expenses by satisfying each of the following requirements:

1. Completing an application in the form prescribed by the commission TREASURER. The application shall include the following information:
   
   (a) The name, address and social security number or employer identification number of the contributor.
   
   (b) The name, address and social security number of the account owner if the account owner is not the contributor.
   
   (c) The name, address and social security number of the designated beneficiary.
   
   (d) The certification relating to no excess contributions required by subsection L of this section.
   
   (e) Any other information that the commission TREASURER may require.

2. Paying the onetime application fee established by the commission TREASURER.

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

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

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

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

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

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

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

1. Subsection L of this section, relating to excess contributions.

2. Subsection I of this section, relating to investment choice.

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

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

I. A contributor to, account owner of or designated beneficiary of any account may not direct the investment, within the meaning of section 529 of the internal revenue code, of any contributions to an account or the earnings from the account.
J. If the commission TREASURER terminates the authority of a financial institution to hold accounts and accounts must be moved from that financial institution to another financial institution, the commission TREASURER shall select the financial institution and type of investment to which the balance of the account is moved unless the internal revenue service provides guidance stating that allowing the account owner to select among several financial institutions that are then contractors would not cause a plan to cease to be a qualified tuition plan.

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

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

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

2. The establishment of a maximum total balance for the purpose of prohibiting contributions to accounts established for a designated beneficiary if the contributions would cause the maximum total balance to be exceeded.

3. The commission BOARD shall review the quarterly reports received from participating financial institutions and certify that the balance in all qualified tuition programs, as defined in section 529 of the internal revenue code, of which that person is the designated beneficiary does not exceed the lesser of:
   (a) A maximum college savings amount established by the commission BOARD from time to time.
   (b) The cost in current dollars of qualified higher education expenses that the contributor reasonably anticipates the designated beneficiary will incur.

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

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

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

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

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

Q. In the case of any account described in subsection P of this
section, the requirement that a designated beneficiary be designated when
an account is opened does not apply and each person who receives an
interest in the account as a scholarship shall be treated as a designated
beneficiary with respect to the interest.

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

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

T. An account owner may designate successor account owners.

U. Through December 31, 2025, on direction of an account owner, up
to $15,000 of an account may roll over to an achieving a better life
experience act account established pursuant to 26 United States Code
section 529A.

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

15-1878. Limits of article

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

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

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

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

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

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

- 11 -
1. The return of any amounts contributed to an account.
2. The rate of interest or other return on any account.
3. The payment of interest or other return on any account.
4. Tuition rates or the cost of related higher education expenditures.

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

Sec. 7. Section 15-1879, Arizona Revised Statutes, is amended to read:

15-1879. Annual report

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

Sec. 8. Section 35-311, Arizona Revised Statutes, is amended to read:

35-311. State board of investment; membership; powers and duties

A. The state board of investment is established consisting of the state treasurer, the director of the department of administration or the director of the department of administration's designee, the director of the department of insurance and financial institutions or the director of the department of insurance and financial institutions' designee and two individuals appointed by the state treasurer, one of whom has verifiable expertise in investment management and one of whom represents a public entity with current deposits in a local government investment pool. The state treasurer is chairman of the board. The board shall keep an accurate record of its proceedings. A certified copy of the record is prima facie evidence of the matters appearing in the record in any court. A meeting of the board may be called at any time by the chairman or a majority of the board members.

B. The state board of investment shall:
1. Hold regular monthly meetings.
2. Review investments of treasury monies.
3. Serve as trustees TRUSTEE of the permanent state land funds and provide management of MANAGE the assets of the funds consistent with the requirements of article X, section 7, Constitution of Arizona.
4. Serve as trustees TRUSTEE of any endowments established pursuant to section 35-314.03.
5. SERVE AS TRUSTEE OF THE FAMILY COLLEGE SAVINGS PROGRAM ESTABLISHED BY TITLE 15, CHAPTER 14, ARTICLE 7.
C. The state treasurer shall furnish to the board of investment at its regular monthly meeting a report of the performance of current investments and a report of the current investments as of the close of business of the preceding month. The state treasurer shall make these reports available for inspection by the public during normal working hours at the office of the state treasurer for a period of time of not less than two years after the date of the report.

D. The board of investment may order the state treasurer to sell any of the securities, and any order shall specifically describe the securities and fix the time period during which they are to be sold. Securities so ordered to be sold shall be sold for cash by the state treasurer at the current market price. The state treasurer and the members of the board are not accountable for any loss occasioned by sales of securities at prices lower than their book value. Any loss shall be charged against earnings received from interest or capital gains on the applicable treasury monies.

E. The board may establish standards in addition to those established by section 35-317, subsection A for the qualification of agents acting pursuant to section 35-317, subsection B.

Sec. 9. Section 41-172, Arizona Revised Statutes, is amended to read:

41-172. Powers and duties; administering oaths; appointment of deputy state treasurer

A. The state treasurer shall:

1. Authenticate writings and documents certified by THE STATE TREASURER with the TREASURER’S seal of his office.

2. Receive and keep in secure custody all monies that belong to the THIS state and that are not required to be received and kept by some other person.

3. File and keep the documentation delivered to the treasurer when monies are deposited into the treasury.

4. Deliver to each person depositing money into the treasury a confirmation showing the date, amount and depositing agency and shall provide a unique identifying number for each confirmation.

5. Pay warrants drawn by the department of administration in the order in which they are presented.

6. Keep an account of all monies received and disbursed, and keep separate accounts of the different funds and appropriations of money MONIES.

7. Give information in writing as to the condition of the state treasury, or on any subject relating to the duties of the treasurer, at the request of a member of the legislature.

8. Deliver to the governor and the department of administration, monthly, an accurate statement of receipts and expenditures of public monies for the preceding month, containing a complete exhibit of all the
public monies received and paid from the state treasury, showing, under separate heads, on what accounts and from what sources received, and for what particular object or service the monies have been paid. The treasurer shall deliver to the governor a similar statement on or before November 1 each year for the preceding fiscal year. The statement shall also include an estimate of the invested balance including the general fund share of that balance as of June 30 of the preceding fiscal year.

The statements are public records available for inspection at the office of the state treasurer.

9. On or before February 1 of each year, in coordination with the director of the department of administration, submit to the joint legislative budget committee a report explaining any differences between the department of administration's estimate of the previous fiscal year's state general fund ending balance submitted pursuant to section 35-131 and the state treasurer's estimate of the invested balance including the STATE general fund share of that balance as of June 30 of the previous fiscal year submitted pursuant to paragraph 8 OF THIS SUBSECTION.

10. Exercise those specific powers of the surveyor-general as a member of the selection board established under section 37-202.

11. ADMINISTER THE FAMILY COLLEGE SAVINGS PROGRAM ESTABLISHED BY TITLE 15, CHAPTER 14, ARTICLE 7.

B. The state treasurer may administer all oaths prescribed by law in matters touching the duties of the office of the state treasurer, subject to chapter 4, article 4 of this title, may appoint a deputy state treasurer, may qualify and select investment managers or advisors pursuant to section 35-318 and shall perform other duties required by other laws of this state.

C. Employees of the state treasurer's office are subject to chapter 4, article 4 of this title. For prospective or current employees of the state treasurer's office, the state treasurer may:

1. Require the submission of a full set of fingerprints for the purpose of obtaining a state and federal criminal records check pursuant to section 41-1750 and Public Law 92-544. The department of public safety may exchange this fingerprint data with the federal bureau of investigation.

2. Conduct a periodic review of credit standing.

Sec. 10. Title 41, chapter 1, article 4, Arizona Revised Statutes, is amended by adding section 41-175, to read:

41-175. Family college savings program advisory committee; membership; duties; committee termination

A. THE STATE TREASURER SHALL APPOINT A FAMILY COLLEGE SAVINGS PROGRAM ADVISORY COMMITTEE TO ASSIST THE TREASURER IN PROMOTING AND RAISING AWARENESS OF THE FAMILY COLLEGE SAVINGS PROGRAM ESTABLISHED BY TITLE 15, CHAPTER 14, ARTICLE 7 TO RESIDENTS OF THIS STATE, WITH EMPHASIS ON INCREASING ACCESS TO THE PROGRAM AMONG ECONOMICALLY DISADVANTAGED,
MINORITY AND UNDERREPRESENTED STUDENT POPULATIONS. THE ADVISORY COMMITTEE
SHALL INCLUDE ALL OF THE FOLLOWING:

1. THE STATE TREASURER OR THE STATE TREASURER’S DESIGNEE, WHO
SERVES AS CHAIRPERSON OF THE COMMITTEE.
2. TWO MEMBERS WHO REPRESENT COMMUNITY COLLEGE DISTRICTS IN THIS
STATE, ONE OF WHOM REPRESENTS A COMMUNITY COLLEGE DISTRICT IN A COUNTY
WITH A POPULATION OF FIVE HUNDRED THOUSAND PERSONS OR MORE AND ONE OF WHOM
REPRESENTS A COMMUNITY COLLEGE DISTRICT IN A COUNTY WITH A POPULATION OF
LESS THAN FIVE HUNDRED THOUSAND PERSONS.
3. ONE MEMBER WHO REPRESENTS A UNIVERSITY UNDER THE JURISDICTION OF
THE ARIZONA BOARD OF REGENTS.
4. ONE MEMBER WHO REPRESENTS AN ACCREDITED PRIVATE EDUCATIONAL
INSTITUTION IN THIS STATE OFFERING ASSOCIATE, BACCALAUREATE OR HIGHER
DEGREES.
5. ONE MEMBER WHO REPRESENTS AN ACCREDITED PRIVATE EDUCATIONAL
INSTITUTION OFFERING PRIVATE VOCATIONAL TRAINING IN THIS STATE.
6. ONE MEMBER WHO IS A TEACHER AND WHO CURRENTLY PROVIDES CLASSROOM
INSTRUCTION IN THIS STATE.
7. ONE MEMBER WHO REPRESENTS A FEDERALLY RECOGNIZED INDIAN TRIBE IN
THIS STATE.
8. ONE MEMBER WHO REPRESENTS A UNITED STATES DEPARTMENT OF
LABOR-APPROVED APPRENTICESHIP PROGRAM.
9. TWO PUBLIC MEMBERS WHO ARE RESIDENTS OF THIS STATE.

B. THE COMMITTEE SHALL DO BOTH OF THE FOLLOWING:
1. ASSIST AND MAKE RECOMMENDATIONS TO THE STATE TREASURER REGARDING
PROMOTIONAL AND INFORMATIONAL ACTIVITIES RELATING TO THE FAMILY COLLEGE
SAVINGS PROGRAM.
2. MEET AT LEAST ONCE EACH CALENDAR QUARTER. A MAJORITY OF THE
MEMBERSHIP CONSTITUTES A QUORUM FOR THE TRANSACTION OF BUSINESS.

C. COMMITTEE MEMBERS ARE NOT ELIGIBLE TO RECEIVE COMPENSATION OR
REIMBURSEMENT OF EXPENSES.
D. THE STATE TREASURER’S OFFICE SHALL PROVIDE NECESSARY STAFF
SERVICES TO THE COMMITTEE.
E. THE COMMITTEE ESTABLISHED BY THIS SECTION ENDS ON JULY 1, 2028
PURSUANT TO SECTION 41-3103.

Sec. 11. Transfer; effect; succession; cooperation
A. All administrative matters, contracts and judicial and
quasi-judicial actions, whether completed, pending or in process, of the
commission for postsecondary education that relate to the family college
savings program established by title 15, chapter 14, article 7, Arizona
Revised Statutes, are transferred, on the effective date of this act, and
retain the same status with the state treasurer.
B. All rules adopted by the commission for postsecondary education
pursuant to title 15, chapter 14, article 7, Arizona Revised Statutes,
remain in full force until superseded by rules adopted by the state board of investment or the state treasurer, as applicable.

C. All FTE positions, property and records, all data and investigative findings, all obligations and all appropriated and nonappropriated monies remaining unspent and unencumbered of the commission for postsecondary education relating to the family college savings program pursuant to title 15, chapter 14, article 7, Arizona Revised Statutes, are transferred to the state treasurer and may be used for the purposes of this act.

D. The commission for postsecondary education shall cooperate and coordinate with the state treasurer to ensure the successful transition of the family college savings program from the commission to the state treasurer during the transfer period.

Sec. 12. Exemption from rulemaking
For the purposes of this act, the state board of investment is exempt from the rulemaking requirements of title 41, chapter 6, Arizona Revised Statutes, for one year after the effective date of this act for the purpose of adopting rules relating to the family college savings program pursuant to title 15, chapter 14, article 7, Arizona Revised Statutes, as amended by this act.

Sec. 13. Legislative intent
The legislature intends that the term of renewal of an existing appointment of a financial institution as a depository or manager of the family college savings program pursuant to title 15, chapter 14, article 7, Arizona Revised Statutes, as amended by this act, that occurs before the effective date of this act not be for more than one year after the date of renewal and that no new contracts with one or more financial institutions to act as depositories or managers be entered into before the effective date of this act.

Sec. 14. Effective date
This act is effective from and after September 30, 2020.

APPROVED BY THE GOVERNOR JUNE 5, 2020.