

Senate Engrossed

college savings program; name change

State of Arizona  
Senate  
Fifty-fifth Legislature  
First Regular Session  
2021

## CHAPTER 188

# SENATE BILL 1236

AN ACT

AMENDING SECTIONS 15-1871, 15-1872, 15-1873, 15-1874, 15-1875, 15-1878, 15-1879, 35-311, 41-172 AND 41-179, 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 "FAMILY COLLEGE SAVINGS PROGRAM" to  
5 "AZ529, ARIZONA'S EDUCATION SAVINGS PLAN".

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 **THAT IS**  
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. "Board" means the state board of investment.

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

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

30 6. "Financial institution" means the state treasurer's office or  
31 any bank, commercial bank, national bank, savings bank, savings and loan  
32 association, credit union, insurance company, brokerage firm or other  
33 similar entity that is authorized to do business in this state.

34 7. "Fund" means ~~the family college~~ **AZ529, ARIZONA'S EDUCATION**  
35 savings ~~program~~ **PLAN** trust fund that constitutes a public instrumentality  
36 of this state and that is established by section 15-1873.

37 8. "Member of the family" means any of the following:

38 (a) A son or daughter of a person or a descendant of the son or  
39 daughter of the person.

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

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

44 (d) The father or mother of a person or the ancestor of the father  
45 or mother of a person.

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

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

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

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

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

12 (j) A first cousin of a person.

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

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

17 (a) A qualified withdrawal.

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

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

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

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

30 11. "~~Program PLAN~~" means ~~the family college~~ AZ529, ARIZONA'S  
31 EDUCATION savings ~~program PLAN~~ that is established under this article and  
32 that constitutes a qualified tuition program as defined in section 529 of  
33 the internal revenue code.

34 12. "Qualified higher education expenses":

35 (a) Means:

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

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

43 (iii) Expenses to purchase a computer, peripheral equipment,  
44 computer software or internet access and related services if the computer  
45 equipment, software or services are to be used primarily by the

1 beneficiary during the years the beneficiary is enrolled at an eligible  
2 educational institution and if these expenses meet the definition of  
3 qualified higher education expenses in section 529 of the internal revenue  
4 code.

5 (iv) Expenses for fees, books, supplies and equipment required for  
6 a designated beneficiary to participate in an apprenticeship program that  
7 is registered and certified with the United States secretary of labor  
8 under section 1 of the national apprenticeship act (50 Stat. 664; 29  
9 United States Code section 50) if these expenses meet the definition of  
10 qualified higher education expenses in section 529 of the internal revenue  
11 code.

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

15 (c) Includes amounts paid as principal or interest on any qualified  
16 education loan as defined in section 221(d) of the internal revenue code  
17 of the designated beneficiary or a brother, sister, stepbrother or  
18 stepsister of the designated beneficiary pursuant to section 529 of the  
19 internal revenue code.

20 13. "Qualified withdrawal" means a withdrawal from an account to  
21 pay any of the following:

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

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

30 (c) Amounts paid as principal or interest on any qualified  
31 education loan as defined in section 221(d) of the internal revenue code  
32 of the designated beneficiary or a brother, sister, stepbrother or  
33 stepsister of the designated beneficiary, but only if the withdrawal is  
34 made in accordance with this article. The amount of qualified withdrawals  
35 under this article with respect to the loans of any designated beneficiary  
36 or a brother, sister, stepbrother or stepsister of the designated  
37 beneficiary may not exceed \$10,000, reduced by the amount of withdrawals  
38 so treated for all prior taxable years.

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

42 15. "Treasurer" means the state treasurer.

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

1           17. "Tuition savings agreement" means an agreement between the  
2 board, as trustee of the fund, and an account owner that creates an  
3 interest in the fund and that provides for participation in the ~~program~~  
4 ~~PLAN~~.

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

7           15-1872. AZ529, Arizona's education savings plan; state board  
8 of investment; rules; powers and duties

9           A. The board shall approve financial institutions to act as the  
10 depositories and managers of ~~family college~~ AZ529, ARIZONA'S EDUCATION  
11 savings ~~PLAN~~ accounts pursuant to section 15-1874.

12           B. The board may adopt rules to assist in implementing and  
13 administering this article.

14           C. Members of the board are immune from personal liability with  
15 respect to all actions that are taken in good faith and within the scope  
16 of the board's authority.

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

19           15-1873. Treasurer; powers and duties; AZ529, Arizona's  
20 education savings plan trust fund

21           A. The treasurer shall:

22           1. Develop and implement the ~~program~~ ~~PLAN~~ in a manner consistent  
23 with this article by adopting rules, guidelines and procedures.

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

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

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

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

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

37           7. Negotiate and select the financial institution or institutions  
38 to act as the depository and manager of the ~~program~~ ~~PLAN~~ in accordance  
39 with this article. On approval by the board, the treasurer may use  
40 existing investment funds established pursuant to sections 35-314.03,  
41 35-316 and 35-326 for this purpose.

42           8. Maintain the ~~program~~ ~~PLAN~~ on behalf of this state as required by  
43 section 529 of the internal revenue code.

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

1           B. ~~The family college~~ AZ529, ARIZONA'S EDUCATION savings ~~program~~  
2 ~~PLAN~~ trust fund is established consisting of the assets of ~~the family~~  
3 ~~college~~ AZ529, ARIZONA'S EDUCATION savings ~~program~~ PLAN. The treasurer  
4 shall administer the fund, and the board shall act as the trustee of the  
5 fund. Monies in the fund are continuously appropriated. The fund is  
6 designated a public instrumentality of this state that is created for an  
7 essential public purpose. Trust interests in the fund shall be designated  
8 by the treasurer for each account owner. The fund shall be separated into  
9 a trust account and an operating account. The trust account shall include  
10 amounts received by ~~the family college~~ AZ529, ARIZONA'S EDUCATION savings  
11 ~~program~~ PLAN from account owners pursuant to tuition savings agreements  
12 and interest and investment income earned by the fund. The treasurer  
13 shall make transfers from the trust account to the operating account as  
14 necessary ~~for the immediate payment of~~ TO IMMEDIATELY PAY obligations  
15 under tuition savings agreements, operating expenses and administrative  
16 costs of the ~~family college savings program~~ PLAN. The treasurer shall  
17 deposit and invest monies or other amounts in the fund with financial  
18 institutions in accordance with section 15-1874.

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

21           15-1874. Use of contractor as account depository and manager

22           A. The treasurer shall implement the operation of the ~~program~~ PLAN  
23 through the use of one or more financial institutions to act as the  
24 depositories of the fund and managers of the ~~program~~ PLAN. Under the  
25 ~~program~~ PLAN, persons may submit applications for enrollment in the  
26 ~~program~~ PLAN and establish accounts in the fund at the financial  
27 institution. Monies paid by account owners to the fund for deposit in  
28 accounts maintained by the fund at a financial institution shall be paid  
29 to the financial institution as an agent of the fund, and the tuition  
30 savings agreements shall provide that all monies paid by account owners to  
31 fund accounts held at financial institutions are being paid to the fund.

32           B. The treasurer shall solicit proposals from financial  
33 institutions to act as the depositories of fund monies and managers of the  
34 ~~program~~ PLAN. Financial institutions that submit proposals must describe  
35 the financial instruments that will be held in accounts. The solicitation  
36 and selection process is exempt from the procurement code requirements of  
37 title 41, chapter 23.

38           C. On the recommendation of the treasurer, the board shall select  
39 the financial institution or institutions to implement the ~~program~~ PLAN  
40 from among bidding financial institutions that demonstrate the most  
41 advantageous combination, both to potential ~~program~~ PLAN participants and  
42 this state, of the following factors:

- 43           1. Financial stability and integrity.
- 44           2. The safety of the investment instruments being offered, taking  
45 into account any insurance provided with respect to these instruments.

1           3. The ability of the investment instruments to track estimated  
2 costs of higher education as calculated by the treasurer and provided by  
3 the financial institution to the account holder.

4           4. The ability of the financial institutions, directly or through a  
5 subcontract, to satisfy recordkeeping and reporting requirements.

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

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

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

14          8. Any other benefits to this state or its residents included in  
15 the proposal, including an account opening fee payable to the treasurer by  
16 the account owner and an additional fee from the financial institution for  
17 statewide ~~program~~ PLAN marketing by the treasurer.

18          D. On approval by the board, the treasurer shall enter into a  
19 contract with a financial institution, ~~or,~~ except as provided in  
20 subsection E of this section, contracts with financial institutions, ~~to~~  
21 serve as ~~program~~ PLAN managers and depositories. ~~Program~~ PLAN management  
22 contracts shall provide the terms and conditions by which financial  
23 institutions shall sell interests in the fund to account owners, invest  
24 monies in the fund and manage the ~~program~~ PLAN.

25          E. The board may select more than one financial institution and  
26 investment for the ~~program~~ PLAN if both of the following conditions exist:

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

31           2. The treasurer concludes that the choice of instrument vehicles  
32 is in the best interest of college savers and will not interfere with the  
33 promotion of the ~~program~~ PLAN.

34          F. A ~~program~~ PLAN manager shall:

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

40           2. Keep adequate records of each of the fund's accounts, keep each  
41 account segregated from each other account and provide the treasurer with  
42 the information necessary to prepare statements required by section  
43 15-1875, subsections M, N and O or file these statements on behalf of the  
44 treasurer.

1           3. Compile and total information contained in statements required  
2 to be prepared under section 15-1875, subsections M, N and O and provide  
3 these compilations to the treasurer.

4           4. If there is more than one **program PLAN** manager, provide the  
5 treasurer with this information to assist the treasurer to determine  
6 compliance with section 15-1875, subsection L.

7           5. Provide representatives of the treasurer, including other  
8 contractors or other state agencies, access to the books and records of  
9 the **program PLAN** manager to the extent needed to determine compliance with  
10 the contract.

11           6. Hold all accounts in the name of and for the benefit of the fund  
12 and this state.

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

16           H. The board may terminate a contract with a financial institution  
17 at any time for good cause on the recommendation of the treasurer. If a  
18 contract is terminated pursuant to this subsection, the treasurer shall  
19 take custody of accounts held at that financial institution and shall seek  
20 to promptly transfer the accounts to another financial institution that is  
21 selected as a **program PLAN** manager and into investment instruments as  
22 similar to the original investments as possible.

23           I. If the treasurer determines not to renew the appointment of a  
24 financial institution as a **program PLAN** manager, the board may take action  
25 consistent with the interests of the **program PLAN** and the accounts and in  
26 accordance with its duties as the trustee of the fund, including  
27 termination of all services or continuation of certain management and  
28 administrative services of that financial institution for accounts of the  
29 **program PLAN** managed by that financial institution during its term as a  
30 **program PLAN** manager, if any continuation of services is only permitted  
31 under the following conditions:

32           1. The treasurer and the financial institution enter into a written  
33 agreement specifying the rights of the **program PLAN** and the treasurer and  
34 the responsibilities of the financial institution, including the standards  
35 that continue to be applicable to the accounts as accounts of the **program**  
36 **PLAN**.

37           2. Any services provided by the financial institution to accounts  
38 continue to be subject to the control of the board as the trustee of the  
39 fund with responsibility of all accounts of the **program PLAN**.

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

42           15-1875. Plan requirements

43           A. The **program PLAN** shall be operated through the use of accounts  
44 in the fund established by account owners. Payments to the fund for  
45 participation in the **program PLAN** shall be made by account owners pursuant

1 to tuition savings agreements. An account may be opened by any person who  
2 desires to invest in the fund and to save to pay qualified higher  
3 education expenses by satisfying each of the following requirements:

4 1. Completing an application in the form prescribed by the  
5 treasurer. The application shall include the following information:

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

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

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

12 (d) The certification relating to no excess contributions required  
13 by subsection L of this section.

14 (e) Any other information that the treasurer may require.

15 2. Paying the onetime application fee established by the treasurer.

16 3. Making the minimum contribution required by the treasurer or by  
17 opening an account.

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

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

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

23 D. An account owner may change the designated beneficiary of an  
24 account to an individual who is a member of the family of the former  
25 designated beneficiary in accordance with procedures established by the  
26 treasurer.

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

31 F. Changes in designated beneficiaries and rollovers under this  
32 section are not allowed if the changes or rollovers would violate either  
33 of the following:

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

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

36 G. Each account shall be maintained separately from each other  
37 account under the ~~program~~ PLAN.

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

40 I. A contributor to, account owner of or designated beneficiary of  
41 any account may not direct the investment, within the meaning of section  
42 529 of the internal revenue code, of any contributions to an account or  
43 the earnings from the account.

44 J. If the treasurer terminates the authority of a financial  
45 institution to hold accounts and accounts must be moved from that

1 financial institution to another financial institution, the treasurer  
2 shall select the financial institution and type of investment to which the  
3 balance of the account is moved unless the internal revenue service  
4 provides guidance stating that allowing the account owner to select among  
5 several financial institutions that are then contractors would not cause a  
6 plan to cease to be a qualified tuition plan.

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

10 L. On the recommendation of the treasurer, the board shall adopt  
11 rules to prevent contributions on behalf of a designated beneficiary in  
12 excess of those necessary to pay the qualified higher education expenses  
13 of the designated beneficiaries. The rules shall address the following:

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

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

20 3. The board shall review the quarterly reports received from  
21 participating financial institutions and certify that the balance in all  
22 qualified tuition programs, as defined in section 529 of the internal  
23 revenue code, of which that person is the designated beneficiary does not  
24 exceed the lesser of:

25 (a) A maximum college savings amount established by the board from  
26 time to time.

27 (b) The cost in current dollars of qualified higher education  
28 expenses that the contributor reasonably anticipates the designated  
29 beneficiary will incur.

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

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

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

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

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

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

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

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

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

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

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

25 15-1878. Limits of article

26 A. This article does not:

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

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

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

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

39 B. This article does not establish any obligation of this state or  
40 any agency or instrumentality of this state to guarantee for the benefit  
41 of any account owner, contributor to an account or designated beneficiary  
42 any of the following:

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

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

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

1           4. Tuition rates or the cost of related higher education  
2 expenditures.

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

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

10           15-1879. Annual report

11           The treasurer shall submit an annual report to the speaker of the  
12 house of representatives, the president of the senate and the governor by  
13 March 1 that summarizes the treasurer's findings and recommendations  
14 concerning the ~~program~~ PLAN established by this article.

15           Sec. 9. Section 35-311, Arizona Revised Statutes, is amended to  
16 read:

17           35-311. State board of investment; membership; powers and  
18 duties

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

32           B. The state board of investment shall:

33           1. Hold regular monthly meetings.

34           2. Review investments of treasury monies.

35           3. Serve as trustee of the permanent state land funds and manage  
36 the assets of the funds consistent with the requirements of article X,  
37 section 7, Constitution of Arizona.

38           4. Serve as trustee of any endowments established pursuant to  
39 section 35-314.03.

40           5. Serve as trustee of ~~the family college~~ AZ529, ARIZONA'S  
41 EDUCATION savings ~~program~~ PLAN established by title 15, chapter 14,  
42 article 7.

43           6. Serve as ~~trustees~~ TRUSTEE of any pension prefunding plan  
44 investment accounts established pursuant to section 35-314.04.

1 C. The state treasurer shall furnish to the board of investment at  
2 its regular monthly meeting a report of the performance of current  
3 investments and a report of the current investments as of the close of  
4 business of the preceding month. The state treasurer shall make these  
5 reports available for inspection by the public during normal working hours  
6 at the office of the state treasurer for a period of time of not less than  
7 two years after the date of the report.

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

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

20 Sec. 10. Section 41-172, Arizona Revised Statutes, is amended to  
21 read:

22 41-172. Powers and duties; administering oaths; appointment  
23 of deputy state treasurer

24 A. The state treasurer shall:

25 1. Authenticate writings and documents certified by the state  
26 treasurer with the seal of the state treasurer's office.

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

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

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

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

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

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

42 8. Deliver to the governor and the department of administration,  
43 monthly, an accurate statement of receipts and expenditures of public  
44 monies for the preceding month, containing a complete exhibit of all the  
45 public monies received and paid from the state treasury, showing, under

1 separate heads, on what accounts and from what sources received, and for  
2 what particular object or service the monies have been paid. The  
3 treasurer shall deliver to the governor a similar statement on or before  
4 November 1 each year for the preceding fiscal year. The statement shall  
5 also include an estimate of the invested balance, including the general  
6 fund share of that balance as of June 30 of the preceding fiscal year.  
7 The statements are public records available for inspection at the office  
8 of the state treasurer.

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

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

19 11. Administer ~~the family college~~ AZ529, ARIZONA'S EDUCATION  
20 savings ~~program~~ PLAN established by title 15, chapter 14, article 7.

21 12. Promote and raise awareness of financial literacy to residents  
22 of this state.

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

29 C. Employees of the state treasurer's office are subject to chapter  
30 4, article 4 of this title. For prospective or current employees of the  
31 state treasurer's office, the state treasurer may:

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

37 2. Conduct a periodic review of credit standing.

38 Sec. 11. Section 41-179, Arizona Revised Statutes, is amended to  
39 read:

40 41-179. AZ529, Arizona's education savings plan advisory  
41 committee; membership; duties; committee  
42 termination

43 A. The state treasurer shall appoint ~~a family college~~ THE AZ529,  
44 ARIZONA'S EDUCATION savings ~~program~~ PLAN advisory committee to assist the  
45 treasurer in promoting and raising awareness of ~~the family college~~ AZ529,

1 ARIZONA'S EDUCATION savings ~~program~~ PLAN established by title 15, chapter  
2 14, article 7 to residents of this state, with emphasis on increasing  
3 access to the ~~program~~ PLAN among economically disadvantaged, minority and  
4 underrepresented student populations. The advisory committee shall  
5 include all of the following:

- 6 1. The state treasurer or the state treasurer's designee, who  
7 serves as chairperson of the committee.
- 8 2. Two members who represent community college districts in this  
9 state, one of whom represents a community college district in a county  
10 with a population of five hundred thousand persons or more and one of whom  
11 represents a community college district in a county with a population of  
12 less than five hundred thousand persons.
- 13 3. One member who represents a university under the jurisdiction of  
14 the Arizona board of regents.
- 15 4. One member who represents an accredited private educational  
16 institution in this state offering associate, baccalaureate or higher  
17 degrees.
- 18 5. One member who represents an accredited private educational  
19 institution offering private vocational training in this state.
- 20 6. One member who is a teacher and who currently provides classroom  
21 instruction in this state.
- 22 7. One member who represents a federally recognized Indian tribe in  
23 this state.
- 24 8. One member who represents a United States department of  
25 labor-approved apprenticeship program.
- 26 9. Two public members who are residents of this state.

27 B. The committee shall do both of the following:

- 28 1. Assist and make recommendations to the state treasurer regarding  
29 promotional and informational activities relating to ~~the family college~~  
30 AZ529, ARIZONA'S EDUCATION savings ~~program~~ PLAN.
- 31 2. Meet at least once each calendar quarter. A majority of the  
32 membership constitutes a quorum for the transaction of business.

33 C. Committee members are not eligible to receive compensation or  
34 reimbursement of expenses.

35 D. The state treasurer's office shall provide necessary staff  
36 services to the committee.

37 E. The committee established by this section ends on July 1, 2028  
38 pursuant to section 41-3103.

APPROVED BY THE GOVERNOR APRIL 7, 2021.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 7, 2021.