

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2202 Session of 2014

INTRODUCED BY GREINER, MILLARD, HICKERNELL, BLOOM, MACKENZIE, MCGEEHAN, YOUNGBLOOD, AUMENT, MCGINNIS, FEE, CUTLER, GROVE, MURT, WATSON, DENLINGER, KORTZ, GABLER AND CALTAGIRONE, APRIL 28, 2014

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES, MAY 7, 2014

AN ACT

1 Amending the act of April 3, 1992 (P.L.28, No.11), entitled, as
2 amended, "An act providing for the establishment of two
3 programs for postsecondary educational savings, a guaranteed
4 savings program and an investment program; establishing the
5 Tuition Account Programs Bureau within the Treasury
6 Department and providing duties for the Treasury Department;
7 establishing tuition account funds; providing for Tuition
8 Account Program Contracts; providing for the establishment of
9 scholarship programs; and further providing for duties of the
10 Pennsylvania Higher Education Assistance Agency," further
11 providing for general provisions governing both tuition
12 account programs AND FOR STATE TAX EXEMPTION. <--

13 The General Assembly of the Commonwealth of Pennsylvania
14 hereby enacts as follows:

15 ~~Section 1. Section 309.2 of the act of April 3, 1992 (P.L. <--~~
16 ~~28, No.11), known as the Tuition Account Programs and College~~
17 ~~Savings Bond Act, added June 22, 2000 (P.L.418, No.58), is~~
18 ~~amended to read:~~

19 SECTION 1. SECTIONS 309.2 AND 316 OF THE ACT OF APRIL 3, <--
20 1992 (P.L.28, NO.11), KNOWN AS THE TUITION ACCOUNT PROGRAMS AND
21 COLLEGE SAVINGS BOND ACT, AMENDED OR ADDED JUNE 22, 2000

1 (P.L.418, NO.58), ARE AMENDED TO READ:

2 Section 309.2. General provisions governing both tuition  
3 account programs.

4 (a) Levy, execution and security for loans.--A tuition  
5 account, any state-qualified tuition program plan or any legal  
6 interest therein shall not be subject to attachment, levy or  
7 execution by any creditor of [an] any account owner or  
8 beneficiary and shall not be used as security for a loan.

9 (b) Period of participation.--Notwithstanding any of the  
10 provisions of this chapter, the following shall apply:

11 (1) Except as provided in paragraph (2), a minimum  
12 period of one year must elapse between the time a  
13 contribution is made pursuant to a Tuition Account Program  
14 Contract and the time that contribution and any increase in  
15 its value may be used for payment of qualified higher  
16 education expenses pursuant to section 309 or 309.1.

17 (2) The board may prescribe an alternative minimum  
18 period of time which must elapse between a contribution and  
19 its use for payment of qualified higher education expenses.

20 (c) Student aid.--Any amounts contributed pursuant to a  
21 Tuition Account Program Contract, any state-qualified tuition  
22 program plan and any increase in the value thereof shall not be  
23 used in calculating personal asset contributions for determining  
24 eligibility and need for student loan programs, student grant  
25 programs or other student aid programs administered by any  
26 agency of the Commonwealth, except as otherwise may be provided  
27 by Federal law.

28 (d) Excess contributions.--The department shall institute  
29 adequate safeguards to prevent contributions to an account or  
30 multiple accounts that are in excess of those necessary to

1 provide for the qualified higher education expenses of the  
2 beneficiary of that account or accounts, as specified in section  
3 529 of the Internal Revenue Code of 1986 (Public Law 99-514, 26  
4 U.S.C. § 529).

5 (e) Cash contributions.--A contribution made pursuant to a  
6 Tuition Account Program Contract may only be made in cash, which  
7 may at the department's discretion include checks, money orders,  
8 credit cards or other similar methods.

9 (f) Transfers between programs.--The department, pursuant to  
10 a Tuition Account Program Contract, may specify the terms and  
11 conditions under which transfers of contributions and any  
12 increased value thereof may be made from one account to another  
13 by an account owner who has entered into a Tuition Account  
14 Guaranteed Savings Program Contract and a Tuition Account  
15 Investment Program Contract. Nothing in this subsection shall be  
16 construed to require the department to allow such transfers.

17 SECTION 316. STATE TAX EXEMPTION. <--

18 (A) PROPERTY OF FUNDS.--THE PROPERTY OF EACH OF THE FUNDS  
19 AND THEIR INCOME AND OPERATION SHALL BE EXEMPT FROM ALL TAXATION  
20 BY THE COMMONWEALTH AND ITS POLITICAL SUBDIVISIONS.

21 (B) CONTRIBUTIONS.--CONTRIBUTIONS MADE PURSUANT TO A TUITION  
22 ACCOUNT PROGRAM CONTRACT OR A "QUALIFIED STATE TUITION PROGRAM"  
23 AS DEFINED BY SECTION 529 OF THE INTERNAL REVENUE CODE OF 1986  
24 (PUBLIC LAW 99-514, 26 U.S.C. § 529); ANY INCREASE IN THE VALUE  
25 OF THOSE CONTRIBUTIONS, THE RETENTION, OR TRANSFER DURING LIFE  
26 OR AS A RESULT OF DEATH OF ANY LEGAL INTEREST IN A TUITION  
27 ACCOUNT PROGRAM CONTRACT OR A "QUALIFIED STATE TUITION PROGRAM"  
28 AS DEFINED BY SECTION 529 OF THE INTERNAL REVENUE CODE OF 1986;  
29 AND PAYMENT OF QUALIFIED HIGHER EDUCATION EXPENSES OF  
30 BENEFICIARIES MADE PURSUANT TO TUITION ACCOUNT PROGRAM CONTRACTS

1 OR A "QUALIFIED STATE TUITION PROGRAM" AS DEFINED BY SECTION 529  
2 OF THE INTERNAL REVENUE CODE OF 1986 SHALL BE EXEMPT FROM ALL  
3 TAXATION BY THE COMMONWEALTH AND ITS POLITICAL SUBDIVISIONS.

4 SECTION 2. THE AMENDMENT OF SECTION 316 OF THE ACT SHALL  
5 APPLY TO THE TRANSFER OF PROPERTY BY A DECEDENT ON OR AFTER THE  
6 EFFECTIVE DATE OF THIS SECTION.

7 Section ~~2~~ 3. This act shall take effect in 60 days.

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