State of Wisconsin
2011 - 2012 LEGISLATURE

LRB-0698/2 3
RAC:cjs:jf
stays RMR

DOA:.....Waterman, BB0147 - Transfer EdVest to DOA

FOR 2011-13 BUDGET -- NOT READY FOR INTRODUCTION

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do NOT go

1 AN ACT ...; **relating to:** the budget.

Analysis by the Legislative Reference Bureau

STATE GOVERNMENT

STATE FINANCE

Currently, the College Savings Program Board, which is attached to the Office of the State Treasurer, administers the EdVest program, which is a college savings plan established pursuant to federal law to enable families to contribute moneys to accounts for the college expenses of dependents. Earnings on moneys in these accounts are generally not taxable under state or federal law. In addition, under current law, the state treasurer administers another college savings program, which is now closed to new participants, that enables certain persons to purchase tuition credits for beneficiaries to attend certain institutions of higher education. This bill attaches the College Savings Program Board to DOA, as well as requires DOA to administer the other college savings program currently administered by the state treasurer. Other than moving the college savings programs to DOA, the bill makes no changes in either college savings program.

For further information see the ***state*** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 14.57 of the statutes is renumbered 15.105 (25m), and 15.105 (25m)
2 (intro.) and (1), as renumbered, are amended to read:

3 15.105 **(25m)** ~~SAME; ATTACHED BOARDS~~ COLLEGE SAVINGS PROGRAM BOARD. (intro.)
4 There is created a college savings program board that is attached to the ~~office of the~~
5 ~~state treasurer~~ department of administration under s. 15.03 and that consists of all
6 of the following members:

7 **(1)** The ~~state treasurer~~ secretary of administration or his or her designee.

8 **SECTION 2.** 14.63 of the statutes is renumbered 16.64, and 16.64 (2) (intro.) and
9 (b), (3) (a), (c) and (d), (5) (b) (intro.), (6) (a) 5. and (b), (7) (a) (intro.), 4. and 5. and (b),
10 (7m) (a) (intro.), (b) and (c), (9), (10) (a) and (b), (12) (title), (a) (intro.) and (b) (intro.)
11 and (13), as amended, are amended to read:

12 16.64 **(2)** WEIGHTED AVERAGE TUITION; TUITION UNIT COST. (intro.) Annually, the
13 ~~state treasurer~~ department and the board jointly shall determine all of the following:

14 (b) The price of a tuition unit, which shall be valid for a period determined
15 jointly by the ~~state treasurer~~ department and the board. The price shall be sufficient
16 to ensure the ability of the ~~state treasurer~~ department to meet ~~his or her~~ its
17 obligations under this section. To the extent possible, the price shall be set so that
18 the value of the tuition unit in the anticipated academic year of its use will be equal
19 to 1% of the weighted average tuition for that academic year plus the costs of
20 administering the program under this section attributable to the unit.

21 **(3)** (a) An individual, trust, legal guardian, or entity described under 26 USC
22 529 (e) (1) (C) may enter into a contract with the ~~state treasurer~~ department for the
23 sale of tuition units on behalf of a beneficiary.

24 (c) The ~~state treasurer~~ department may charge a purchaser an enrollment fee.

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(7) (a) (intro.) Except as provided in sub. (7m), the ~~state treasurer~~ department shall do all of the following:

4. If a contract is terminated under sub. (6) (a) 5., refund to the person who entered into the contract the amount under subd. 2. or under subd. 3., as determined by the ~~state treasurer~~ department.

5. If the beneficiary is awarded a scholarship, tuition waiver or similar subsidy that cannot be converted into cash by the beneficiary, refund to the person who entered into the contract, upon the person's request, an amount equal to the value of the tuition units that are not needed because of the scholarship, waiver or similar subsidy and that would otherwise have been paid by the ~~state treasurer~~ department on behalf of the beneficiary during the semester in which the beneficiary is enrolled.

(b) The ~~state treasurer~~ department shall determine the method and schedule for the payment of refunds under this subsection.

(7m) (a) (intro.) The ~~state treasurer~~ department may adjust the value of a tuition unit based on the actual earnings attributable to the tuition unit less the costs of administering the program under this section that are attributable to the tuition unit if any of the following applies:

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(c) The ~~state treasurer~~ department may promulgate rules imposing or increasing penalties for refunds under sub. (7) (a) if the ~~state treasurer~~ department determines that such rules are necessary to maintain the status of the program under this section as a qualified state tuition program under section 529 of the Internal Revenue Code, as defined in s. 71.01 (6).

(9) CONTRACT WITH ACTUARY. The ~~state treasurer~~ department shall contract with an actuary or actuarial firm to evaluate annually whether the assets in the tuition trust fund are sufficient to meet the obligations of the ~~state treasurer~~ department under this section and to advise the ~~state treasurer~~ department on setting the price of a tuition unit under sub. (2) (b).

(10) (a) Annually, the ~~state treasurer~~ department shall submit a report to the governor, and to the appropriate standing committees of the legislature under s. 13.172 (3), on the program under this section. The report shall include any recommendations for changes to the program that the ~~state treasurer~~ department determines are necessary to ensure the sufficiency of the tuition trust fund to meet the ~~state treasurer's~~ department's obligations under this section.

(b) The ~~state treasurer~~ department shall submit a quarterly report to the state investment board projecting the future cash flow needs of the tuition trust fund. The state investment board shall invest moneys held in the tuition trust fund in investments with maturities and liquidity that are appropriate for the needs of the fund as reported by the ~~state treasurer~~ department in ~~his or her~~ its quarterly reports. All income derived from such investments shall be credited to the fund.

(12) (title) ADDITIONAL DUTIES AND POWERS ~~OF THE STATE TREASURER~~. (a) (intro.) The ~~state treasurer~~ department shall do all of the following:

(b) (intro.) The ~~state treasurer~~ department may do any of the following:

(13) PROGRAM TERMINATION. If the ~~state treasurer~~ department determines that the program under this section is financially infeasible, the ~~state treasurer~~ department shall discontinue entering into contracts under sub. (3) and discontinue selling tuition units under sub. (4).

SECTION 3. 14.64 of the statutes is renumbered 16.641, and 16.641 (2) (g), as renumbered, is amended to read:

16.641 **(2)** (g) Ensure that if the department ~~of administration~~ changes vendors, the balances of college savings accounts are promptly transferred into investment instruments as similar to the original investment instruments as possible.

SECTION 4. 14.65 of the statutes is renumbered 16.642 and amended to read:

16.642 Repayment to the general fund. (1) The secretary ~~of administration~~ shall transfer from the tuition trust fund, the college savings program trust fund, the college savings program bank deposit trust fund, or the college savings program credit union deposit trust fund to the general fund an amount equal to the amount expended from the appropriations under s. 20.505 (9)

(a), 1995 stats., s. 20.585 (2) (a), 2001 stats., and s. 20.585 (2) (am), 2001 stats., when the secretary ~~of administration~~ determines that funds in those trust funds are sufficient to make the transfer. The secretary ~~of administration~~ may make the transfer in installments.

(2) Annually, by June 1, the ~~state treasurer~~ secretary shall submit a report to ~~the secretary of administration and~~ the joint committee on finance on the amount available for repayment under sub. (1), the amount repaid under sub. (1), and the outstanding balance under sub. (1).

SECTION 5. 16.255 (1) (intro.) of the statutes is amended to read:

16.255 **(1)** (intro.) The department shall determine the factors to be considered in selecting a vendor of the program under s. ~~14.64~~ 16.641, which shall include:

SECTION 6. 16.255 (3) (d) of the statutes is amended to read:

16.255 **(3)** (d) That the vendor communicate to the beneficiary and account owner the requirements of s. ~~14.64~~ 16.641 (8).

SECTION 7. 20.585 (2) (title) of the statutes is repealed.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 8. 20.585 (2) (q) of the statutes is renumbered 20.505 (1) (tb) and amended to read:

20.505 **(1)** (tb) *Payment of qualified higher education expenses and refund; college tuition and expenses program.* From the tuition trust fund, a sum sufficient for the payment of qualified higher education expenses and refunds under s. ~~14.63~~ 16.64 (5) and (7).

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

1 **SECTION 9.** 20.585 (2) (s) of the statutes is renumbered 20.505 (1) (td) and
2 amended to read:
3 20.505 **(1)** (td) *Administrative expenses; college tuition and expenses program.*
4 From the tuition trust fund, the amounts in the schedule for the administrative
5 expenses of the college tuition and expenses program under s. ~~14.63~~ 16.64, including
6 the expense of promoting the program.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

7 **SECTION 10.** 20.585 (2) (t) of the statutes is renumbered 20.505 (1) (tf) and
8 amended to read:
9 20.505 **(1)** (tf) *Payment of qualified higher education expenses and refunds;*
10 *college savings program trust fund.* From the college savings program trust fund, a
11 sum sufficient for the payment of qualified higher education expenses and refunds
12 under s. ~~14.64~~ 16.641 (2) and (3).

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

13 **SECTION 11.** 20.585 (2) (tm) of the statutes is renumbered 20.505 (1) (th) and
14 amended to read:
15 20.505 **(1)** (th) *Administrative expenses; college savings program trust fund.*
16 From the college savings program trust fund, the amounts in the schedule for the
17 administrative expenses of the college savings program under s. ~~14.64~~ 16.641,
18 including the expense of promoting the program.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

19 **SECTION 12.** 20.585 (2) (u) of the statutes is renumbered 20.505 (1) (tj) and
20 amended to read:

1 20.505 **(1)** (tj) *Payment of qualified higher education expenses and refunds;*
2 *college savings program bank deposit trust fund.* From the college savings program
3 bank deposit trust fund, a sum sufficient for the payment of qualified higher
4 education expenses and refunds under s. ~~14.64~~ 16.641 (2) and (3).

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

5 **SECTION 13.** 20.585 (2) (um) of the statutes is renumbered 20.505 (1) (tL) and
6 amended to read:

7 20.505 **(1)** (tL) *Administrative expenses; college savings program bank deposit*
8 *trust fund.* From the college savings program bank deposit trust fund, the amounts
9 in the schedule for the administrative expenses of the college savings program under
10 s. ~~14.64~~ 16.641, including the expense of promoting the program.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

11 **SECTION 14.** 20.585 (2) (v) of the statutes is renumbered 20.505 (1) (tn) and
12 amended to read:

13 20.505 **(1)** (tn) *Payment of qualified higher education expenses and refunds;*
14 *college savings program credit union deposit trust fund.* From the college savings
15 program credit union deposit trust fund, a sum sufficient for the payment of qualified
16 higher education expenses and refunds under s. ~~14.64~~ 16.641 (2) and (3).

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

17 **SECTION 15.** 20.585 (2) (vm) of the statutes is renumbered 20.505 (1) (tp) and
18 amended to read:

19 20.505 **(1)** (tp) *Administrative expenses; college savings program credit union*
20 *deposit trust fund.* From the college savings program credit union deposit trust fund,

1 the amounts in the schedule for the administrative expenses of the college savings
2 program under s. ~~14.64~~ 16.641, including the expense of promoting the program.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

3 **SECTION 16.** 25.17 (2) (f) of the statutes is amended to read:

4 25.17 **(2)** (f) Invest the moneys belonging to the college savings program trust
5 fund, the college savings program bank deposit trust fund, and the college savings
6 program credit union deposit trust fund in a manner consistent with the guidelines
7 established under s. ~~14.64~~ 16.641 (2) (c), unless the moneys are under the
8 management and control of a vendor selected under s. 16.255. In making
9 investments under this paragraph, the investment board shall accept any
10 reasonable terms and conditions that the college savings program board specifies
11 and is relieved of any obligations relevant to prudent investment of the fund,
12 including the standard of responsibility under s. 25.15 (2).

13 **SECTION 17.** 25.80 of the statutes is amended to read:

14 **25.80 Tuition trust fund.** There is established a separate nonlapsible trust
15 fund designated as the tuition trust fund, consisting of all revenue from enrollment
16 fees and the sale of tuition units under s. ~~14.63~~ 16.64.

17 **SECTION 18.** 25.85 of the statutes is amended to read:

18 **25.85 College savings program trust fund.** There is established a separate
19 nonlapsible trust fund designated as the college savings program trust fund,
20 consisting of all revenue from enrollment fees for and contributions to college savings
21 accounts under s. ~~14.64~~ 16.641 and from distributions and fees paid by the vendor
22 under s. 16.255 (3) other than revenue from those sources that is deposited in the

college savings program bank deposit trust fund or the college savings program credit union deposit trust fund.

SECTION 19. 25.853 of the statutes is amended to read:

25.853 College savings program bank deposit trust fund. There is established a separate nonlapsible trust fund designated as the college savings program bank deposit trust fund, consisting of all revenue from enrollment fees for and contributions to college savings accounts under s. ~~14.64~~ 16.641 in which the investment instrument is an account held by a state or national bank, a state or federal savings bank, a state or federal savings and loan association, or a savings and trust company that has its main office or home office or a branch office in this state and that is insured by the Federal Deposit Insurance Corporation, and all revenue from distributions and fees paid by the vendors of those investment instruments under s. 16.255 (3).

SECTION 20. 25.855 of the statutes is amended to read:

25.855 College savings program credit union deposit trust fund. There is established a separate nonlapsible trust fund designated as the college savings program credit union deposit trust fund, consisting of all revenue from enrollment fees for and contributions to college savings accounts under s. ~~14.64~~ 16.641 in which the investment instrument is an account held by a state or federal credit union, including a corporate central credit union organized under s. 186.32, that has its main office or home office or a branch office located in this state and that is insured by the National Credit Union Administration, and all revenue from distributions and fees paid by the vendors of those investment instruments under s. 16.255 (3).

SECTION 21. 71.05 (6) (b) 23. of the statutes is amended to read:

71.05 **(6)** (b) 23. Any increase in value of a tuition unit that is purchased under a tuition contract under s. ~~14.63~~ 16.64, except that the subtraction under this subdivision may not be claimed by any individual who received a refund under s. ~~14.63~~ 16.64 (7) (a) 2., 3. or 4.

SECTION 22. 71.05 (6) (b) 28. h. of the statutes is amended to read:

71.05 **(6)** (b) 28. h. No modification may be claimed under this subdivision for an amount paid for tuition expenses and mandatory student fees, as described under this subdivision, if the source of the payment is an amount withdrawn from a college savings account, as described in s. ~~14.64~~ 16.641 or from a college tuition and expenses program, as described in s. ~~14.63~~ 16.64, and if the owner of the account has claimed a deduction under subd. 32. or 33. that relates to such an amount.

SECTION 23. 71.05 (6) (b) 31. of the statutes is amended to read:

71.05 **(6)** (b) 31. Any increase in value of a college savings account, as described in s. ~~14.64~~ 16.641, except that the subtraction under this subdivision may not be claimed by any individual who has made a nonqualified withdrawal, as described in s. ~~14.64~~ 16.641 (2) (e).

SECTION 24. 71.05 (6) (b) 32. (intro.) of the statutes is amended to read:

71.05 **(6)** (b) 32. (intro.) An amount paid into a college savings account, as described in s. ~~14.64~~ 16.641, if the beneficiary of the account is one of the following: the claimant; the claimant's child; the claimant's grandchild; the claimant's great-grandchild; or the claimant's niece or nephew; calculated as follows:

SECTION 25. 71.05 (6) (b) 33. (intro.) of the statutes is amended to read:

71.05 **(6)** (b) 33. (intro.) An amount paid into a college tuition and expenses program, as described in s. ~~14.63~~ 16.64, if the beneficiary of the account is one of the following: the claimant; the claimant's child; the claimant's grandchild; the

claimant's great-grandchild; or the claimant's niece or nephew; calculated as follows:

SECTION 26. 815.18 (3) (o) of the statutes is amended to read:

815.18 **(3)** (o) *Tuition units.* Tuition units purchased under s. ~~14.63~~ 16.64.

SECTION 27. 815.18 (3) (p) of the statutes is amended to read:

815.18 **(3)** (p) *College savings accounts.* An interest in a college savings account under s. ~~14.64~~ 16.641.

SECTION 9149. Nonstatutory provisions; Treasurer.

(1) TRANSFER OF COLLEGE SAVINGS PROGRAMS DUTIES TO THE DEPARTMENT OF ADMINISTRATION.

(a) *Assets and liabilities.* On the effective date of this paragraph, the assets and liabilities of the office of the state treasurer that are primarily related to the state treasurer's performance of duties under sections 14.63, 14.64, and 14.65 of the statutes, as determined by the secretary of administration, shall become the assets and liabilities of the department of administration.

(b) *Staff.*

1. On the effective date of this subdivision, 1.0 FTE SEG position in the office of the state treasurer, and the incumbent employee holding that position, funded from the appropriation under section 20.585 (2) (tm) of the statutes, and responsible for the performance of duties related to the college savings program, is transferred to the department of administration to be funded from the appropriation under section 20.505 (1) (th) of the statutes, as affected by this act. The secretary of administration shall identify the position.

2. An employee transferred under subdivision 1. to the department of administration has all of the rights and the same status under subchapter V of

1 chapter 111 and chapter 230 of the statutes in the department of administration that
2 he or she enjoyed in the office of the state treasurer immediately before the transfer.
3 Notwithstanding section 230.28 (4) of the statutes, no employee so transferred who
4 has attained permanent status in class is required to serve a probationary period.

5 (c) *Tangible personal property.* On the effective date of this paragraph, all
6 tangible personal property, including records, of the office of the state treasurer that
7 are primarily related to the state treasurer's performance of duties under sections
8 14.63, 14.64, and 14.65 of the statutes, as determined by the secretary of
9 administration, is transferred to the department of administration.

10 (d) *Pending matters.* Any matter pending with the office of the state treasurer
11 that is primarily related to the state treasurer's performance of duties under sections
12 14.63, 14.64, and 14.65 of the statutes, as determined by the secretary of
13 administration, is transferred to the department of administration. All materials
14 submitted to or actions taken by the office of the state treasurer with respect to the
15 pending matter are considered as having been submitted to or taken by the
16 department of administration.

17 (e) *Contracts.* All contracts entered into by the office of the state treasurer in
18 effect on the effective date of this paragraph that are primarily related to the state
19 treasurer's performance of duties under sections 14.63, 14.64, and 14.65 of the
20 statutes, as determined by the secretary of administration, remain in effect and are
21 transferred to the department of administration. The department of administration
22 shall carry out any obligations under those contracts unless modified or rescinded
23 by the department of administration to the extent allowed under the contract.

24 (f) *Rules and orders.* All rules promulgated by the office of the state treasurer
25 in effect on the effective date of this paragraph that are primarily related to the state

1 treasurer's performance of duties under sections 14.63, 14.64, and 14.65 of the
2 statutes, as determined by the secretary of administration, remain in effect until
3 their specified expiration dates or until amended or repealed by the department of
4 administration. All orders issued by the office of the state treasurer in effect on the
5 effective date of this paragraph that are primarily related to the state treasurer's
6 performance of duties under sections 14.63, 14.64, and 14.65 of the statutes, as
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9 **(END)**

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19 to 1% of the weighted average tuition for that academic year plus the costs of
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16.641 **(2)** (g) Ensure that if the department ~~of administration~~ changes vendors, the balances of college savings accounts are promptly transferred into investment instruments as similar to the original investment instruments as possible.

SECTION 4. 14.65 of the statutes is renumbered 16.642 and amended to read:

16.642 Repayment to the general fund. (1) The secretary ~~of administration~~ shall transfer from the tuition trust fund, the college savings program trust fund, the college savings program bank deposit trust fund, or the college savings program credit union deposit trust fund to the general fund an amount equal to the amount expended from the appropriations under s. 20.505 (9)

(a), 1995 stats., s. 20.585 (2) (a), 2001 stats., and s. 20.585 (2) (am), 2001 stats., when the secretary ~~of administration~~ determines that funds in those trust funds are sufficient to make the transfer. The secretary ~~of administration~~ may make the transfer in installments.

(2) Annually, by June 1, the ~~state treasurer~~ secretary shall submit a report to ~~the secretary of administration and~~ the joint committee on finance on the amount available for repayment under sub. (1), the amount repaid under sub. (1), and the outstanding balance under sub. (1).

SECTION 5. 16.255 (1) (intro.) of the statutes is amended to read:

16.255 **(1)** (intro.) The department shall determine the factors to be considered in selecting a vendor of the program under s. ~~14.64~~ 16.641, which shall include:

SECTION 6. 16.255 (3) (d) of the statutes is amended to read:

16.255 **(3)** (d) That the vendor communicate to the beneficiary and account owner the requirements of s. ~~14.64~~ 16.641 (8).

SECTION 7. 20.585 (2) (title) of the statutes is repealed.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 8. 20.585 (2) (q) of the statutes is renumbered 20.505 (1) (tb) and amended to read:

20.505 **(1)** (tb) *Payment of qualified higher education expenses and refunds; college tuition and expenses program.* From the tuition trust fund, a sum sufficient for the payment of qualified higher education expenses and refunds under s. ~~14.63~~ 16.64 (5) and (7).

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

1 **SECTION 9.** 20.585 (2) (s) of the statutes is renumbered 20.505 (1) (td) and
2 amended to read:

3 20.505 **(1)** (td) *Administrative expenses; college tuition and expenses program.*
4 From the tuition trust fund, the amounts in the schedule for the administrative
5 expenses of the college tuition and expenses program under s. ~~14.63~~ 16.64, including
6 the expense of promoting the program.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

7 **SECTION 10.** 20.585 (2) (t) of the statutes is renumbered 20.505 (1) (tf) and
8 amended to read:

9 20.505 **(1)** (tf) *Payment of qualified higher education expenses and refunds;*
10 *college savings program trust fund.* From the college savings program trust fund, a
11 sum sufficient for the payment of qualified higher education expenses and refunds
12 under s. ~~14.64~~ 16.641 (2) and (3).

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

13 **SECTION 11.** 20.585 (2) (tm) of the statutes is renumbered 20.505 (1) (th) and
14 amended to read:

15 20.505 **(1)** (th) *Administrative expenses; college savings program trust fund.*
16 From the college savings program trust fund, the amounts in the schedule for the
17 administrative expenses of the college savings program under s. ~~14.64~~ 16.641,
18 including the expense of promoting the program.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

19 **SECTION 12.** 20.585 (2) (u) of the statutes is renumbered 20.505 (1) (tj) and
20 amended to read:

1 20.505 **(1)** (tj) *Payment of qualified higher education expenses and refunds;*
2 *college savings program bank deposit trust fund.* From the college savings program
3 bank deposit trust fund, a sum sufficient for the payment of qualified higher
4 education expenses and refunds under s. ~~14.64~~ 16.641 (2) and (3).

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

5 **SECTION 13.** 20.585 (2) (um) of the statutes is renumbered 20.505 (1) (tL) and
6 amended to read:

7 20.505 **(1)** (tL) *Administrative expenses; college savings program bank deposit*
8 *trust fund.* From the college savings program bank deposit trust fund, the amounts
9 in the schedule for the administrative expenses of the college savings program under
10 s. ~~14.64~~ 16.641, including the expense of promoting the program.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

11 **SECTION 14.** 20.585 (2) (v) of the statutes is renumbered 20.505 (1) (tn) and
12 amended to read:

13 20.505 **(1)** (tn) *Payment of qualified higher education expenses and refunds;*
14 *college savings program credit union deposit trust fund.* From the college savings
15 program credit union deposit trust fund, a sum sufficient for the payment of qualified
16 higher education expenses and refunds under s. ~~14.64~~ 16.641 (2) and (3).

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

17 **SECTION 15.** 20.585 (2) (vm) of the statutes is renumbered 20.505 (1) (tp) and
18 amended to read:

19 20.505 **(1)** (tp) *Administrative expenses; college savings program credit union*
20 *deposit trust fund.* From the college savings program credit union deposit trust fund,

1 the amounts in the schedule for the administrative expenses of the college savings
2 program under s. ~~14.64~~ 16.641, including the expense of promoting the program.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

3 **SECTION 16.** 25.17 (2) (f) of the statutes is amended to read:

4 25.17 **(2)** (f) Invest the moneys belonging to the college savings program trust
5 fund, the college savings program bank deposit trust fund, and the college savings
6 program credit union deposit trust fund in a manner consistent with the guidelines
7 established under s. ~~14.64~~ 16.641 (2) (c), unless the moneys are under the
8 management and control of a vendor selected under s. 16.255. In making
9 investments under this paragraph, the investment board shall accept any
10 reasonable terms and conditions that the college savings program board specifies
11 and is relieved of any obligations relevant to prudent investment of the fund,
12 including the standard of responsibility under s. 25.15 (2).

13 **SECTION 17.** 25.80 of the statutes is amended to read:

14 **25.80 Tuition trust fund.** There is established a separate nonlapsible trust
15 fund designated as the tuition trust fund, consisting of all revenue from enrollment
16 fees and the sale of tuition units under s. ~~14.63~~ 16.64.

17 **SECTION 18.** 25.85 of the statutes is amended to read:

18 **25.85 College savings program trust fund.** There is established a separate
19 nonlapsible trust fund designated as the college savings program trust fund,
20 consisting of all revenue from enrollment fees for and contributions to college savings
21 accounts under s. ~~14.64~~ 16.641 and from distributions and fees paid by the vendor
22 under s. 16.255 (3) other than revenue from those sources that is deposited in the

college savings program bank deposit trust fund or the college savings program credit union deposit trust fund.

SECTION 19. 25.853 of the statutes is amended to read:

25.853 College savings program bank deposit trust fund. There is established a separate nonlapsible trust fund designated as the college savings program bank deposit trust fund, consisting of all revenue from enrollment fees for and contributions to college savings accounts under s. ~~14.64~~ 16.641 in which the investment instrument is an account held by a state or national bank, a state or federal savings bank, a state or federal savings and loan association, or a savings and trust company that has its main office or home office or a branch office in this state and that is insured by the Federal Deposit Insurance Corporation, and all revenue from distributions and fees paid by the vendors of those investment instruments under s. 16.255 (3).

SECTION 20. 25.855 of the statutes is amended to read:

25.855 College savings program credit union deposit trust fund. There is established a separate nonlapsible trust fund designated as the college savings program credit union deposit trust fund, consisting of all revenue from enrollment fees for and contributions to college savings accounts under s. ~~14.64~~ 16.641 in which the investment instrument is an account held by a state or federal credit union, including a corporate central credit union organized under s. 186.32, that has its main office or home office or a branch office located in this state and that is insured by the National Credit Union Administration, and all revenue from distributions and fees paid by the vendors of those investment instruments under s. 16.255 (3).

SECTION 21. 71.05 (6) (b) 23. of the statutes is amended to read:

71.05 **(6)** (b) 23. Any increase in value of a tuition unit that is purchased under a tuition contract under s. ~~14.63~~ 16.64, except that the subtraction under this subdivision may not be claimed by any individual who received a refund under s. ~~14.63~~ 16.64 (7) (a) 2., 3. or 4.

SECTION 22. 71.05 (6) (b) 28. h. of the statutes is amended to read:

71.05 **(6)** (b) 28. h. No modification may be claimed under this subdivision for an amount paid for tuition expenses and mandatory student fees, as described under this subdivision, if the source of the payment is an amount withdrawn from a college savings account, as described in s. ~~14.64~~ 16.641 or from a college tuition and expenses program, as described in s. ~~14.63~~ 16.64, and if the owner of the account has claimed a deduction under subd. 32. or 33. that relates to such an amount.

SECTION 23. 71.05 (6) (b) 31. of the statutes is amended to read:

71.05 **(6)** (b) 31. Any increase in value of a college savings account, as described in s. ~~14.64~~ 16.641, except that the subtraction under this subdivision may not be claimed by any individual who has made a nonqualified withdrawal, as described in s. ~~14.64~~ 16.641 (2) (e).

SECTION 24. 71.05 (6) (b) 32. (intro.) of the statutes is amended to read:

71.05 **(6)** (b) 32. (intro.) An amount paid into a college savings account, as described in s. ~~14.64~~ 16.641, if the beneficiary of the account is one of the following: the claimant; the claimant's child; the claimant's grandchild; the claimant's great-grandchild; or the claimant's niece or nephew; calculated as follows:

SECTION 25. 71.05 (6) (b) 33. (intro.) of the statutes is amended to read:

71.05 **(6)** (b) 33. (intro.) An amount paid into a college tuition and expenses program, as described in s. ~~14.63~~ 16.64, if the beneficiary of the account is one of the following: the claimant; the claimant's child; the claimant's grandchild; the

claimant's great-grandchild; or the claimant's niece or nephew; calculated as follows:

SECTION 26. 815.18 (3) (o) of the statutes is amended to read:

815.18 **(3)** (o) *Tuition units.* Tuition units purchased under s. ~~14.63~~ 16.64.

SECTION 27. 815.18 (3) (p) of the statutes is amended to read:

815.18 **(3)** (p) *College savings accounts.* An interest in a college savings account under s. ~~14.64~~ 16.641.

SECTION 9149. Nonstatutory provisions; Treasurer.

(1) TRANSFER OF COLLEGE SAVINGS PROGRAMS DUTIES TO THE DEPARTMENT OF ADMINISTRATION.

(a) *Assets and liabilities.* On the effective date of this paragraph, the assets and liabilities of the office of the state treasurer that are primarily related to the state treasurer's performance of duties under sections 14.63, 14.64, and 14.65 of the statutes, as determined by the secretary of administration, shall become the assets and liabilities of the department of administration.

(b) *Staff.*

1. On the effective date of this subdivision, 1.0 FTE SEG position in the office of the state treasurer, and the incumbent employee holding that position, funded from the appropriation under section 20.585 (2) (tm) of the statutes, and responsible for the performance of duties related to the college savings program, is transferred to the department of administration to be funded from the appropriation under section 20.505 (1) (th) of the statutes, as affected by this act. The secretary of administration shall identify the position.

2. An employee transferred under subdivision 1. to the department of administration has all of the rights and the same status under subchapter V of

1 chapter 111 and chapter 230 of the statutes in the department of administration that
2 he or she enjoyed in the office of the state treasurer immediately before the transfer.
3 Notwithstanding section 230.28 (4) of the statutes, no employee so transferred who
4 has attained permanent status in class is required to serve a probationary period.

5 (c) *Tangible personal property.* On the effective date of this paragraph, all
6 tangible personal property, including records, of the office of the state treasurer that
7 are primarily related to the state treasurer's performance of duties under sections
8 14.63, 14.64, and 14.65 of the statutes, as determined by the secretary of
9 administration, is transferred to the department of administration.

10 (d) *Pending matters.* Any matter pending with the office of the state treasurer
11 that is primarily related to the state treasurer's performance of duties under sections
12 14.63, 14.64, and 14.65 of the statutes, as determined by the secretary of
13 administration, is transferred to the department of administration. All materials
14 submitted to or actions taken by the office of the state treasurer with respect to the
15 pending matter are considered as having been submitted to or taken by the
16 department of administration.

17 (e) *Contracts.* All contracts entered into by the office of the state treasurer in
18 effect on the effective date of this paragraph that are primarily related to the state
19 treasurer's performance of duties under sections 14.63, 14.64, and 14.65 of the
20 statutes, as determined by the secretary of administration, remain in effect and are
21 transferred to the department of administration. The department of administration
22 shall carry out any obligations under those contracts unless modified or rescinded
23 by the department of administration to the extent allowed under the contract.

24 (f) *Rules and orders.* All rules promulgated by the office of the state treasurer
25 in effect on the effective date of this paragraph that are primarily related to the state

1 treasurer's performance of duties under sections 14.63, 14.64, and 14.65 of the
2 statutes, as determined by the secretary of administration, remain in effect until
3 their specified expiration dates or until amended or repealed by the department of
4 administration. All orders issued by the office of the state treasurer in effect on the
5 effective date of this paragraph that are primarily related to the state treasurer's
6 performance of duties under sections 14.63, 14.64, and 14.65 of the statutes, as
7 determined by the secretary of administration, remain in effect until their specified
8 expiration dates or until modified or rescinded by the department of administration.
9 **(END)**