

Malaise, Gordon

From: Templeton, Carrie
Sent: Monday, January 30, 2006 2:57 PM
To: Malaise, Gordon
Subject: FW: Draft review: LRB 05-4272/2 Topic: College savings program; separate trust funds for insured bank accounts and credit union accounts
Importance: High
Attachments: LRB-4272_2; LRB-4272_2 Drafters_Note

Hi Gordon:

Thank you very much for the quick turnaround on /2. We need a /3, however, ASAP. We are then going to give the legislation to Senator Darling for any additional changes and/or introduction.

These are our changes:

- Subject to
S. 25.11
(2)(4)*
- Remove references to SWIB—SWIB will not have any input as to how funds will be allocated. This will be determined by the vendor with guidance from the EdVest Board.
 - deposit broker (page 6, line 5 and page 6, line 17) need to define that the trusts themselves are not deposit brokers. Perhaps say “The trust itself is not a deposit broker.”
 - bank is insured by FDIC, credit union is insured by NCUA—not the account itself. Page 5, line 23 change to “...under s.1464 in which the investment instrument is an account at a Federal Deposit Insurance Corporation insured state or national bank, a state or federal savings bank, a state or federal...” and page 6, line 11 change to “...under s.14.64 in which the investment instrument is an account at a National Credit Union Administration insured state or federal credit union, including a ...”

Please contact me with any questions. Thank you so much for your help on this draft. If at all possible, we would like to send a /3 with the above changes to Senator Darling’s office by the end of the day Wednesday, Feb 1.

Thank you!

Carrie

Carrie Templeton
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-----Original Message-----

From: Basford, Sarah [mailto:Sarah.Basford@legis.state.wi.us]
Sent: Tuesday, January 24, 2006 2:20 PM
To: Templeton, Carrie
Subject: Draft review: LRB 05-4272/2 Topic: College savings program; separate trust funds for insured bank accounts and credit union accounts

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Program Assistant
State of Wisconsin
Legislative Reference Bureau
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01/30/2006



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-4272/2

GMM:kjf/16

NOTE

Wed. 2/1 9:20 AM

2005 BILL

3
RMR

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1 AN ACT *to amend* 14.65 (1), 20.585 (2) (t) (title), 20.585 (2) (tm) (title), 25.17 (1)
 2 (ax), 25.17 (2) (f) and 25.85; and *to create* 20.585 (2) (u), 20.585 (2) (um), 20.585
 3 (2) (v), 20.585 (2) (vm), 25.14 (1) (a) 15b., 25.14 (1) (a) 15d., 25.17 (1) (ay), 25.17
 4 (1) (az), 25.853 and 25.855 of the statutes; **relating to:** the establishment of a
 5 college savings program bank deposit trust fund and a college savings program
 6 credit union deposit trust fund and making appropriations.

Analysis by the Legislative Reference Bureau

Under current law, the College Savings Program Board (board) administers a college savings program, commonly referred to as "EdVest," under which a person may establish and contribute money to a college savings account to cover the college expenses of a beneficiary. As part of EdVest, current law establishes a college savings program trust fund, consisting of all revenue from enrollment fees for and contributions to college savings accounts and from distributions and fees paid by the vendors of those accounts, ~~and requires the State of Wisconsin Investment Board (SWIB) to invest the moneys belonging to that trust fund in a manner consistent with guidelines established by the board, unless those moneys are under the management and control of a vendor.~~

This bill establishes a college savings program bank deposit trust fund, consisting of all revenue from enrollment fees for and contributions to college savings accounts in which the investment instrument is an account ~~insured by the Federal~~

BILL

and that is insured by the Federal Deposit Insurance Corporation

~~Deposit Insurance Corporation, and 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 or home office or a branch office located in this state and from distributions and fees paid by the vendors of those investment instruments. The bill also establishes a college savings program credit union deposit trust fund, consisting of all revenue from enrollment fees for and contributions to college savings accounts in which the investment instrument is an account insured by the National Credit Union Administration, and held by a state or federal credit union, including a corporate central credit union, that has its main or home office or a branch office located in this state; and from distributions and fees paid by the vendors of those investment instruments. Further, the bill requires SWIB to invest the moneys belonging to those trust funds in a manner consistent with guidelines established by the board, unless those moneys are under the management and control of a vendor. Finally, under the bill, an account that is obtained from or through the mediation or assistance of a deposit broker may not be deposited in either of the trust funds created under the bill.~~

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

For purposes of the bill, the board is not considered to be a deposit broker.

and that is insured by the National Credit Union Administration

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

- 1 **SECTION 1.** 14.65 (1) of the statutes is amended to read:
- 2 14.65 (1) The secretary of administration shall transfer from the tuition trust
- 3 fund or, the college savings program trust fund, the college savings program bank
- 4 deposit trust fund, or the college savings program credit union deposit trust fund to
- 5 the general fund an amount equal to the amount expended from the appropriations
- 6 under s. 20.505 (9) (a), 1995 stats., s. 20.585 (2) (a), 2001 stats., and s. 20.585 (2) (am),
- 7 2001 stats., when the secretary of administration determines that funds in the
- 8 ~~tuition trust fund or the college savings program trust fund~~ those trust funds are
- 9 sufficient to make the transfer. The secretary of administration may make the
- 10 transfer in installments.
- 11 **SECTION 2.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
- 12 the following amounts for the purposes indicated:

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1		2005-06	2006-07
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2 **20.585 Treasurer, state**

3 (2) COLLEGE TUITION AND EXPENSES AND COLLEGE
4 SAVINGS PROGRAMS

5 (um) Administrative expenses; college
6 savings program bank deposit

7	trust fund	SEG	A	-0-	-0-
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8 (vm) Administrative expenses; college
9 savings program credit union

10	deposit trust fund	SEG	A	-0-	-0-
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11 **SECTION 3.** 20.585 (2) (t) (title) of the statutes is amended to read:

12 20.585 (2) (t) (title) *Payment of qualified higher education expenses and*
13 *refunds; college savings program trust fund.*

14 **SECTION 4.** 20.585 (2) (tm) (title) of the statutes is amended to read:

15 20.585 (2) (tm) (title) *Administrative expenses; college savings program trust*
16 *fund.*

17 **SECTION 5.** 20.585 (2) (u) of the statutes is created to read:

18 20.585 (2) (u) *Payment of qualified higher education expenses and refunds;*
19 *college savings program bank deposit trust fund.* From the college savings program
20 bank deposit trust fund, a sum sufficient for the payment of qualified higher
21 education expenses and refunds under s. 14.64 (2) and (3).

22 **SECTION 6.** 20.585 (2) (um) of the statutes is created to read:

23 20.585 (2) (um) *Administrative expenses; college savings program bank deposit*
24 *trust fund.* From the college savings program bank deposit trust fund, the amounts

BILL

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

3 **SECTION 7.** 20.585 (2) (v) of the statutes is created to read:

4 20.585 (2) (v) *Payment of qualified higher education expenses and refunds;*
5 *college savings program credit union deposit trust fund.* From the college savings
6 program credit union deposit trust fund, a sum sufficient for the payment of qualified
7 higher education expenses and refunds under s. 14.64 (2) and (3).

8 **SECTION 8.** 20.585 (2) (vm) of the statutes is created to read:

9 20.585 (2) (vm) *Administrative expenses; college savings program credit union*
10 *deposit trust fund.* From the college savings program credit union deposit trust fund,
11 the amounts in the schedule for the administrative expenses of the college savings
12 program under s. 14.64, including the expense of promoting the program.

13 **SECTION 9.** 25.14 (1) (a) 15b. of the statutes is created to read:

14 25.14 (1) (a) 15b. The college savings program bank deposit trust fund.

15 **SECTION 10.** 25.14 (1) (a) 15d. of the statutes is created to read:

16 25.14 (1) (a) 15d. The college savings program credit union deposit trust fund.

17 **SECTION 11.** 25.17 (1) (ax) of the statutes is amended to read:

18 25.17 (1) (ax) College savings program trust fund (s. 25.85), but subject to s.
19 ~~25.17 sub.~~ (2) (f);

20 **SECTION 12.** 25.17 (1) (ay) of the statutes is created to read:

21 25.17 (1) (ay) College savings program bank deposit trust fund (s. 25.853), but
22 subject to sub. (2) (f);

23 **SECTION 13.** 25.17 (1) (az) of the statutes is created to read:

24 25.17 (1) (az) College savings program credit union deposit trust fund (s.
25 25.855), but subject to sub. (2) (f);

BILL

1 **SECTION 14.** 25.17 (2) (f) of the statutes is amended to read:

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

11 **SECTION 15.** 25.85 of the statutes is amended to read:

12 **25.85 College savings program trust fund.** There is established a separate
13 nonlapsible trust fund designated as the college savings program trust fund,
14 consisting of all revenue from enrollment fees for and contributions to college savings
15 accounts under s. 14.64 and from distributions and fees paid by the vendor under s.
16 16.255 (3) other than revenue from those sources that is deposited in the college
17 savings program bank deposit trust fund or the college savings program credit union
18 deposit trust fund.

19 **SECTION 16.** 25.853 of the statutes is created to read:

20 **25.853 College savings program bank deposit trust fund.** There is
21 established a separate nonlapsible trust fund designated as the college savings
22 program bank deposit trust fund, consisting of all revenue from enrollment fees for
23 and contributions to college savings accounts under s. 14.64 in which the investment
24 instrument is an account ~~insured by the Federal Deposit Insurance Corporation, and~~
25 held by a state or national bank, a state or federal savings bank, a state or federal

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and that is insured by the Federal Deposit Insurance Corporation

1 savings and loan association, or a savings and trust company that has its main office
2 or home office or a branch office in this state, and from distributions and fees paid
3 by the vendors of those investment instruments under s. 16.255 (3). An account that
4 is obtained, directly or indirectly, from or through the mediation or assistance of a (verbal)
5 deposit broker may not be deposited in the college savings program bank deposit
6 trust fund.

For purposes of this section, the college savings program board is not considered to be a deposit broker.

7 **SECTION 17.** 25.855 of the statutes is created to read:

8 **25.855 College savings program credit union deposit trust fund.** There
9 is established a separate nonlapsible trust fund designated as the college savings
10 program credit union deposit trust fund, consisting of all revenue from enrollment
11 fees for and contributions to college savings accounts under s. 14.64 in which the
12 investment instrument is an account insured by the National Credit Union
13 Administration, and held by a state or federal credit union, including a corporate
14 central credit union organized under s. 186.32, that has its main office or home office
15 or a branch office located in this state, and from distributions and fees paid by the
16 vendors of those investment instruments under s. 16.255 (3). An account that is
17 obtained, directly or indirectly, from or through the deposit broker may not be
18 deposited in the college savings program credit union deposit trust fund.

19 (END)

and that is insured by the National Credit Union Administration

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DUSTE

Date

LRB-4272/2 dn
GMM:lgf

DME

Circles:

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In reviewing this redraft, please note all of the following:

1. The redraft deletes the references to SWIB in the

analysis, but does not delete the language amending ch. 25.

Specifically, the subdivisions created in s. 25.14 (1) (a) are

necessary to provide that the trust funds are not included in

the state investment fund. See, e.g., s. 25.14 (1) (a) 15. under

current law. Similarly, the paragraphs created under s. 25.17

(1) cross-reference s. 25.17 (2) (f), which specifically excludes

moneys that are under the control of a vendor. See, e.g., s.

(ax) 25.17 (1) (ax) ~~under~~ and (2) (f) under current law.

2. Because the trust funds are not actual entities with powers, the redraft provides that the college savings

program board is not considered to be a deposit
depositor broker.

GMM

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-4272/3dn
GMM:kjf:rs

January 31, 2006

Carrie:

In reviewing this redraft, please note all of the following:

1. The redraft deletes the references to SWIB in the analysis, but does not delete the language amending ch. 25. Specifically, the subdivisions created in s. 25.14 (1) (a) are necessary to provide that the trust funds are not included in the state investment fund. See, e.g. s. 25.14 (1) (a) 15. under current law. Similarly, the paragraphs created under s. 25.17 (1) cross-references s. 25.17 (2) (f), which specifically excludes moneys that are under the control of a vender. See, e.g. s. 25.17 (1) (ax) and (2) (f) under current law.
2. Because the trust funds are not actual entities with powers, the redraft provides that the college savings program board is not considered to be a deposit broker.

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STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

2/27/06

Marty Ohe

State Treasurer

- delete references to brokered deposits





State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-4272/3

GMM:kjf:rs

Tues 2/22

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2005 BILL

Regen

1 AN ACT *to amend* 14.65 (1), 20.585 (2) (t) (title), 20.585 (2) (tm) (title), 25.17 (1)
2 (ax), 25.17 (2) (f) and 25.85; and *to create* 20.585 (2) (u), 20.585 (2) (um), 20.585
3 (2) (v), 20.585 (2) (vm), 25.14 (1) (a) 15b., 25.14 (1) (a) 15d., 25.17 (1) (ay), 25.17
4 (1) (az), 25.853 and 25.855 of the statutes; **relating to:** the establishment of a
5 college savings program bank deposit trust fund and a college savings program
6 credit union deposit trust fund and making appropriations.

Analysis by the Legislative Reference Bureau

Under current law, the College Savings Program Board (board) administers a college savings program, commonly referred to as "EdVest," under which a person may establish and contribute money to a college savings account to cover the college expenses of a beneficiary. As part of EdVest, current law establishes a college savings program trust fund, consisting of all revenue from enrollment fees for and contributions to college savings accounts and from distributions and fees paid by the vendors of those accounts.

This bill establishes a college savings program bank deposit trust fund, consisting of all revenue from enrollment fees for and contributions to college savings accounts 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 or home office or a branch office located in this state and that is insured by the Federal Deposit

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all revenue
with

Insurance Corporation, and from distributions and fees paid by the vendors of those investment instruments. The bill also establishes a college savings program credit union deposit trust fund, consisting of all revenue from enrollment fees for and contributions to college savings accounts in which the investment instrument is an account held by a state or federal credit union, including a corporate central credit union, that has its main or home office or a branch office located in this state and that is insured by the National Credit Union Administration, and from distributions and fees paid by the vendors of those investment instruments. ~~Finally, under the bill, an account that is obtained from or through the mediation or assistance of a deposit broker may not be deposited in either of the trust funds created under the bill. For purposes of the bill, the board is not considered to be a deposit broker.~~

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. 14.65 (1) of the statutes is amended to read:

2 14.65 (1) The secretary of administration shall transfer from the tuition trust
3 fund or, the college savings program trust fund, the college savings program bank
4 deposit trust fund, or the college savings program credit union deposit trust fund to
5 the general fund an amount equal to the amount expended from the appropriations
6 under s. 20.505 (9) (a), 1995 stats., s. 20.585 (2) (a), 2001 stats., and s. 20.585 (2) (am),
7 2001 stats., when the secretary of administration determines that funds in the
8 ~~tuition trust fund or the college savings program trust fund~~ those trust funds are
9 sufficient to make the transfer. The secretary of administration may make the
10 transfer in installments.

11 SECTION 2. 20.005 (3) (schedule) of the statutes: at the appropriate place, insert
12 the following amounts for the purposes indicated:

BILL

1				2005-06	2006-07
2	20.585 Treasurer, state				
3	(2) COLLEGE TUITION AND EXPENSES AND COLLEGE				
4	SAVINGS PROGRAMS				
5	(um) Administrative expenses; college				
6	savings program bank deposit				
7	trust fund	SEG	A	-0-	-0-
8	(vm) Administrative expenses; college				
9	savings program credit union				
10	deposit trust fund	SEG	A	-0-	-0-
11	SECTION 3. 20.585 (2) (t) (title) of the statutes is amended to read:				
12	20.585 (2) (t) (title) <i>Payment of qualified higher education expenses and</i>				
13	<i>refunds; college savings program <u>trust fund</u>.</i>				
14	SECTION 4. 20.585 (2) (tm) (title) of the statutes is amended to read:				
15	20.585 (2) (tm) (title) <i>Administrative expenses; college savings program <u>trust</u></i>				
16	<i>fund.</i>				
17	SECTION 5. 20.585 (2) (u) of the statutes is created to read:				
18	20.585 (2) (u) <i>Payment of qualified higher education expenses and refunds;</i>				
19	<i>college savings program bank deposit trust fund. From the college savings program</i>				
20	<i>bank deposit trust fund, a sum sufficient for the payment of qualified higher</i>				
21	<i>education expenses and refunds under s. 14.64 (2) and (3).</i>				
22	SECTION 6. 20.585 (2) (um) of the statutes is created to read:				
23	20.585 (2) (um) <i>Administrative expenses; college savings program bank deposit</i>				
24	<i>trust fund. From the college savings program bank deposit trust fund, the amounts</i>				

BILL**SECTION 6**

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

3 **SECTION 7.** 20.585 (2) (v) of the statutes is created to read:

4 20.585 (2) (v) *Payment of qualified higher education expenses and refunds;*
5 *college savings program credit union deposit trust fund.* From the college savings
6 program credit union deposit trust fund, a sum sufficient for the payment of qualified
7 higher education expenses and refunds under s. 14.64 (2) and (3).

8 **SECTION 8.** 20.585 (2) (vm) of the statutes is created to read:

9 20.585 (2) (vm) *Administrative expenses; college savings program credit union*
10 *deposit trust fund.* From the college savings program credit union deposit trust fund,
11 the amounts in the schedule for the administrative expenses of the college savings
12 program under s. 14.64, including the expense of promoting the program.

13 **SECTION 9.** 25.14 (1) (a) 15b. of the statutes is created to read:

14 25.14 (1) (a) 15b. The college savings program bank deposit trust fund.

15 **SECTION 10.** 25.14 (1) (a) 15d. of the statutes is created to read:

16 25.14 (1) (a) 15d. The college savings program credit union deposit trust fund.

17 **SECTION 11.** 25.17 (1) (ax) of the statutes is amended to read:

18 25.17 (1) (ax) College savings program trust fund (s. 25.85), but subject to s.
19 ~~25.17~~ sub. (2) (f);

20 **SECTION 12.** 25.17 (1) (ay) of the statutes is created to read:

21 25.17 (1) (ay) College savings program bank deposit trust fund (s. 25.853), but
22 subject to sub. (2) (f);

23 **SECTION 13.** 25.17 (1) (az) of the statutes is created to read:

24 25.17 (1) (az) College savings program credit union deposit trust fund (s.
25 25.855), but subject to sub. (2) (f);

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1 **SECTION 14.** 25.17 (2) (f) of the statutes is amended to read:

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

11 **SECTION 15.** 25.85 of the statutes is amended to read:

12 **25.85 College savings program trust fund.** There is established a separate
13 nonlapsible trust fund designated as the college savings program trust fund,
14 consisting of all revenue from enrollment fees for and contributions to college savings
15 accounts under s. 14.64 and from distributions and fees paid by the vendor under s.
16 16.255 (3) other than revenue from those sources that is deposited in the college
17 savings program bank deposit trust fund or the college savings program credit union
18 deposit trust fund.

19 **SECTION 16.** 25.853 of the statutes is created to read:

20 **25.853 College savings program bank deposit trust fund.** There is
21 established a separate nonlapsible trust fund designated as the college savings
22 program bank deposit trust fund, consisting of all revenue from enrollment fees for
23 and contributions to college savings accounts under s. 14.64 in which the investment
24 instrument is an account held by a state or national bank, a state or federal savings
25 bank, a state or federal savings and loan association, or a savings and trust company

(insert)

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all revenue

1 that has its main office or home office or a branch office in this state and that is
 2 insured by the Federal Deposit Insurance Corporation, and from distributions and
 3 fees paid by the vendors of those investment instruments under s. 16.255 (3). An
 4 ~~account that is obtained, directly or indirectly, from or through the mediation or~~
 5 ~~assistance of a deposit broker may not be deposited in the college savings program~~
 6 ~~bank deposit trust fund. For purposes of this section, the college savings program~~
 7 ~~board is not considered to be a deposit broker.~~

8 **SECTION 17.** 25.855 of the statutes is created to read:

9 **25.855 College savings program credit union deposit trust fund.** There
 10 is established a separate nonlapsible trust fund designated as the college savings
 11 program credit union deposit trust fund, consisting of all revenue from enrollment
 12 fees for and contributions to college savings accounts under s. 14.64 in which the
 13 investment instrument is an account held by a state or federal credit union, including
 14 a corporate central credit union organized under s. 186.32, that has its main office
 15 or home office or a branch office located in this state and that is insured by the
 16 National Credit Union Administration, and from distributions and fees paid by the
 17 vendors of those investment instruments under s. 16.255 (3). ~~An account that is~~
 18 ~~obtained, directly or indirectly, from or through the deposit broker may not be~~
 19 ~~deposited in the college savings program credit union deposit trust fund. For~~
 20 ~~purposes of this section, the college savings program board is not considered to be a~~
 21 ~~deposit broker.~~

(END)

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Jacket for
Darling &

Send to

Darling
by page