

BILL ANALYSIS

Senate Research Center

S.B. 1299
By: Ellis
Finance
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As Filed

DIGEST

Currently, Texas law provides for junior college, senior college, junior-senior college, and private college prepaid tuition plans. This bill would provide a tuition savings plan for the purpose of prepaying tuition for the beneficiary of the plan to attend a public or private institution of higher education.

PURPOSE

As proposed, S.B. 1299 establishes a tuition savings plan for the purpose of providing for the prepayment of tuition for a student to attend a public or private institution of higher education.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the Prepaid Higher Education Tuition Board under SECTION 1 (Sections 54.6255(d) and (h), Education Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 54F, Education Code, by adding Section 54.6255, as follows:

Sec. 54.6255. TUITION SAVINGS PLAN. Requires the Prepaid Higher Education Tuition Board (board), in addition to the plans listed under Section 54.622, to establish and administer a tuition savings plan as provided by this section. Requires the plan to permit a person to establish an account in the Texas tomorrow fund for the benefit of a designated individual beneficiary who is younger than 18 years of age when the account is established, for the purpose of prepaying tuition for the beneficiary to attend a public or private institution for higher education. Sets forth provisions regarding deposits into an account. Sets forth provisions regarding the credits to and deductions from the account, and determining the income attributable to the amount in the account. Authorizes the beneficiary of the account to apply any portion of the current balance to pay tuition and required fees at any accredited public or private institution of higher education in or outside this state at which the beneficiary is enrolled. Requires the board to establish payment procedures to ensure that the money is applied to tuition and fees as required by this subsection. Sets forth provisions regarding the closing of the account. Authorizes the person who established the account to apply all or part of the current value of the account to the purchase plan listed in Section 54.622 if that plan is established for the same beneficiary. Sets forth provisions regarding the naming of a successor and the transference of all rights of the person over the account to another person. Authorizes an account to be maintained as long as the beneficiary is living. Requires the board, if the program is abolished, to refund to the person who established the account the current value of the account when the refund is made.

SECTION 2. (a) Effective date: September 1, 1997.

(b) Requires the board to establish the program provided by Section 56.6255, Education Code, as added by this Act, and begin establishing accounts under that section no later than January 1, 1998.

SECTION 3. Emergency clause.