

BILL ANALYSIS

Senate Research Center

C.S.S.B. 1299

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Finance

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Committee Report (Substituted)

DIGEST

Texas law provides for junior college, senior college, junior-senior college, and private college prepaid tuition plans. Currently, prepaid plans must be used solely for undergraduate tuition. C.S.S.B. 1299 would allow students who have outside income to save part of their tuition for post-graduate school.

PURPOSE

As proposed, S.B. 1299 allows students with prepaid tuition plans who have outside income to save part of their tuition for post-graduate school.

RULEMAKING AUTHORITY

The bill does not grant any additional rulemaking authority to any state agency, institution, or officer.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 54F, Education Code, by adding Sections 54.6261 and 54.6262, as follows:

Sec. 54.6261. DEFERRED USE OF PREPAID CREDIT HOURS. Requires a prepaid tuition contract to permit the beneficiary to elect to pay from another source the beneficiary's tuition and required fees for some or all of the semester credit hours to which the beneficiary is entitled to payment under the contract, and to defer to a subsequent semester or term the right to payment of the beneficiary's tuition and required fees for the number of semester credit hours remaining under the contract. Provides that the beneficiary is responsible for payment of the amount of tuition and required fees for the number of semester credit hours that the beneficiary elects not to pay under the contract. Provides that this section does not affect the date on which a prepaid tuition contract terminates under this subchapter and does not give the beneficiary the right to any payment under the contract after termination of the contract.

Sec. 54.6262. APPLICATION OF UNUSED CREDIT HOURS TO GRADUATE TUITION. Sets forth provisions applicable if the beneficiary of a prepaid tuition contract registers in a graduate or professional degree program before the termination of the contract and the beneficiary has not received payment under the contract for tuition and required fees for all of the semester credit hours to which the beneficiary is entitled. Sets forth provisions regarding the value of a semester credit hour under a prepaid tuition contract for the purposes of this section. Provides that this section does not affect the date on which a prepaid tuition contract terminates under this subchapter and does not give the beneficiary the right to any payment under the contract after termination of the contract.

SECTION 2. (a) Effective date: January 1, 1998.

(b) Provides that except as provided by Subsection (c) of this section, Sections 54.6261 and 52.6262, as added by this Act, do not apply to a prepaid tuition contract entered into before the effective date of this Act.

(c) Authorizes the Prepaid Higher Education Board (board) to permit the purchaser of a prepaid tuition contract entered into before the effective date of this Act to amend the contract to conform to Sections 54.6261 and 54.6262, as added by this Act. Authorizes the board to require the purchaser to make increased or additional payments as necessary to compensate for any additional costs that the board estimates will be incurred under the contract because of the contract amendment.

SECTION 3. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Removes proposed section and sets forth two new sections, Sections 54.6261 and 54.6262, Education Code.

SECTION 2.

Provides that this Act takes effect January 1, 1998, rather than September 1, 1997. Removes proposed Section (b) to set forth new Section (b). Adds Section (c).