

REFERENCE TITLE: family college savings program; treasurer

State of Arizona
Senate
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Second Regular Session
2020

SB 1528

Introduced by
Senators Leach: Borrelli, Dalessandro, Gowan, Gray, Kerr, Otondo, Quezada

AN ACT

AMENDING SECTIONS 15-1871, 15-1872, 15-1873, 15-1874, 15-1875, 15-1878, 15-1879, 35-311 AND 41-172, ARIZONA REVISED STATUTES; AMENDING TITLE 41, CHAPTER 1, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-175; APPROPRIATING MONIES; RELATING TO THE FAMILY COLLEGE SAVINGS PROGRAM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 15-1871, Arizona Revised Statutes, is amended to
3 read:
4 15-1871. Definitions
5 In this article, unless the context otherwise requires:
6 1. "Account" means an individual trust account in the fund
7 established as prescribed in this article.
8 2. "Account owner" means the person who enters into a tuition
9 savings agreement pursuant to this article, who is an account owner within
10 the meaning of section 529 of the internal revenue code and who is
11 designated at the time an account is opened as having the right to
12 withdraw monies from the account before the account is disbursed to or for
13 the benefit of the designated beneficiary.
14 ~~3. "Commission" means the commission for postsecondary education~~
15 ~~established by section 15-1851.~~
16 ~~4. "Committee" means the family college savings program oversight~~
17 ~~committee.~~
18 3. "BOARD" MEANS THE STATE BOARD OF INVESTMENT.
19 ~~5.~~ 4. "Designated beneficiary" means a person who qualifies as a
20 designated beneficiary under section 529 of the internal revenue code and,
21 except as provided in section 15-1875, subsections P and Q, with respect
22 to an account, who is designated at the time the account is opened as the
23 person whose qualified higher education expenses are expected to be paid
24 from the account or, if this designated beneficiary is replaced in
25 accordance with section 15-1875, subsections D, E and F, the replacement
26 beneficiary.
27 ~~6.~~ 5. "Eligible educational institution" means an institution of
28 higher education that qualifies under section 529 of the internal revenue
29 code as an eligible educational institution.
30 ~~7.~~ 6. "Financial institution" means any bank, commercial bank,
31 national bank, savings bank, savings and loan association, credit union,
32 insurance company, brokerage firm or other similar entity that is
33 authorized to do business in this state.
34 ~~8.~~ 7. "Fund" means the family college savings program trust fund
35 that constitutes a public instrumentality of this state and that is
36 established by section 15-1873.
37 ~~9.~~ 8. "Member of the family" means any of the following:
38 (a) A son or daughter of a person or a descendant of the son or
39 daughter of the person.
40 (b) A stepson or stepdaughter of a person.
41 (c) A brother, sister, stepbrother or stepsister of a person. For
42 the purposes of this subdivision, "brother" and "sister" includes a
43 brother or sister by the half-blood.
44 (d) The father or mother of a person or the ancestor of the father
45 or mother of a person.

1 (e) A stepfather or stepmother of a person.

2 (f) A son or daughter of a person's brother or sister. For the
3 purposes of this subdivision, "brother" and "sister" includes a brother or
4 sister by the half-blood.

5 (g) A brother or sister of the person's father or mother. For the
6 purposes of this subdivision, "brother" and "sister" includes a brother or
7 sister by the half-blood.

8 (h) A son-in-law, daughter-in-law, father-in-law, mother-in-law,
9 brother-in-law or sister-in-law of a person.

10 (i) The spouse of a person or the spouse of any individual
11 described in this paragraph.

12 (j) A first cousin of a person.

13 (k) Any individual who meets the criteria for family membership
14 described in this paragraph as a result of legal adoption.

15 ~~10-~~ 9. "Nonqualified withdrawal" means a withdrawal from an
16 account other than one of the following:

17 (a) A qualified withdrawal.

18 (b) A withdrawal made as the result of the death or disability of
19 the designated beneficiary of an account.

20 (c) A withdrawal that is made on the account of a scholarship, or
21 the allowance or payment described in section 135(d)(1)(B) or (C) of the
22 internal revenue code, and that is received by the designated beneficiary,
23 but only to the extent of the amount of this scholarship, allowance or
24 payment.

25 (d) A rollover or change of designated beneficiary.

26 ~~11-~~ 10. "Person" means an individual, an individual's legal
27 representative or any other legal entity authorized to establish a savings
28 account under section 529 of the internal revenue code and the
29 corresponding regulations.

30 ~~12-~~ 11. "Program" means the family college savings program that is
31 established under this article and that constitutes a qualified tuition
32 program as defined in section 529 of the internal revenue code.

33 ~~13-~~ 12. "Qualified higher education expenses":

34 (a) Means:

35 (i) Tuition, fees, books, supplies, room and board and equipment
36 required for a designated beneficiary to enroll at or attend an eligible
37 educational institution.

38 (ii) Expenses for special needs services in the case of a special
39 needs beneficiary that are incurred in connection with enrolling or
40 attending, if these expenses meet the definition of qualified higher
41 education expenses in section 529 of the internal revenue code.

42 (iii) Expenses to purchase a computer, peripheral equipment,
43 computer software or internet access and related services if the computer
44 equipment, software or services are to be used primarily by the
45 beneficiary during the years the beneficiary is enrolled at an eligible

1 educational institution and if these expenses meet the definition of
2 qualified higher education expenses in section 529 of the internal revenue
3 code.

4 (b) Includes tuition to enroll in or attend an elementary or
5 secondary public, private or religious school pursuant to section 529 of
6 the internal revenue code.

7 ~~14.~~ 13. "Qualified withdrawal" means a withdrawal from an account
8 to pay either:

9 (a) The qualified higher education expenses of the designated
10 beneficiary of the account, but only if the withdrawal is made in
11 accordance with this article.

12 (b) Tuition of less than \$10,000 to enroll in or attend an
13 elementary or secondary public, private or religious school pursuant to
14 section 529 of the internal revenue code of the designated beneficiary of
15 the account, but only if the withdrawal is made in accordance with this
16 article.

17 ~~15.~~ 14. "Section 529 of the internal revenue code" means section
18 529 of the internal revenue code of 1986, as amended, and the final
19 regulations issued pursuant to that section.

20 15. "TREASURER" MEANS THE STATE TREASURER.

21 16. "Trust interest" means an account owner's interest in the fund
22 created by a tuition savings agreement for the benefit of a designated
23 beneficiary.

24 17. "Tuition savings agreement" means an agreement between the
25 ~~commission~~ BOARD, as trustee of the fund, and an account owner that
26 creates an interest in the fund and that provides for participation in the
27 program.

28 Sec. 2. Section 15-1872, Arizona Revised Statutes, is amended to
29 read:

30 15-1872. Family college savings program; state board of
31 investment; powers and duties

32 ~~A. The family college savings program oversight committee is~~
33 ~~established in the commission for postsecondary education. The committee~~
34 ~~consists of the following members:~~

35 ~~1. The state treasurer or the state treasurer's designee.~~

36 ~~2. The chairperson of the state board for private postsecondary~~
37 ~~education or the chairperson's designee.~~

38 ~~3. Three members of the general public, each of whom possesses~~
39 ~~knowledge, skill and experience in accounting, risk management or~~
40 ~~investment management or as an actuary. The governor shall appoint these~~
41 ~~members to serve staggered four year terms pursuant to section 38-211.~~
42 ~~The initial members appointed pursuant to this paragraph shall assign~~
43 ~~themselves by lot to serve two, three and four year terms. The~~
44 ~~chairperson shall notify the governor's office on appointments of these~~

1 ~~terms. All subsequent members appointed pursuant to this paragraph serve~~
2 ~~four year terms.~~

3 ~~4. A certified financial planner who is appointed by the governor.~~

4 ~~5. A certified public accountant who is appointed by the governor.~~

5 ~~6. An attorney with a state bar of Arizona certification in estates~~
6 ~~and trusts who is appointed by the governor.~~

7 ~~7. An individual with investment, asset management and financial~~
8 ~~related expertise who is appointed by the governor.~~

9 ~~8. An individual employed by a community college or university with~~
10 ~~investment, asset management and financial related expertise who is~~
11 ~~appointed by the governor.~~

12 ~~B. The commission shall select a chairperson and a vice chairperson~~
13 ~~from among the committee's membership. A majority of the membership~~
14 ~~constitutes a quorum for the transaction of business. The committee shall~~
15 ~~meet at least once each calendar quarter. The chairperson may call~~
16 ~~additional meetings.~~

17 ~~C. The member of the family college savings program oversight~~
18 ~~committee appointed pursuant to subsection A, paragraph 6 of this section~~
19 ~~is eligible to receive compensation as determined pursuant to section~~
20 ~~38-611 for each day of attendance at committee meetings, except that the~~
21 ~~compensation of the member shall not exceed five hundred dollars in any~~
22 ~~year. The commission shall pay compensation pursuant to this subsection~~
23 ~~from monies of the commission.~~

24 ~~D. A. The committee BOARD shall recommend APPROVE financial~~
25 ~~institutions for approval by the commission to act as the depositories and~~
26 ~~managers of family college savings accounts pursuant to section 15-1874.~~

27 ~~E. B. The committee BOARD may submit proposed ADOPT rules to the~~
28 ~~commission to assist in the implementation IMPLEMENTING and administration~~
29 ~~of ADMINISTERING this article.~~

30 ~~F. C. Members of the committee BOARD are immune from personal~~
31 ~~liability with respect to all actions that are taken in good faith and~~
32 ~~within the scope of the committee's BOARD'S authority.~~

33 Sec. 3. Section 15-1873, Arizona Revised Statutes, is amended to
34 read:

35 15-1873. Treasurer; powers and duties; family college savings
36 program trust fund

37 A. The commission TREASURER shall:

38 1. Develop and implement the program in a manner consistent with
39 this article ~~through the adoption of~~ BY ADOPTING rules, guidelines and
40 procedures.

41 2. Retain professional services, if necessary, including
42 accountants, auditors, consultants and other experts.

43 3. Seek rulings and other guidance from the United States
44 department of the treasury and the internal revenue service relating to
45 the program.

1 4. Make changes to the program required for the participants in the
2 program to obtain the federal income tax benefits or treatment provided by
3 section 529 of the internal revenue code.

4 5. Interpret, in rules, policies, guidelines and procedures, ~~the~~
5 ~~provisions of~~ this article broadly in light of its purpose and objectives.

6 6. Charge, impose and collect administrative fees and service
7 charges in connection with any agreement, contract or transaction relating
8 to the program.

9 7. Negotiate and select the financial institution or institutions
10 to act as the depository and manager of the program in accordance with
11 this article.

12 8. As an agency of this state, act as trustee of the fund.

13 9. Maintain the program on behalf of this state as required by
14 section 529 of the internal revenue code.

15 10. Enter into tuition savings agreements with account owners
16 pursuant to this article.

17 B. The family college savings program trust fund is established
18 consisting of the assets of the family college savings program. The
19 ~~commission~~ TREASURER shall administer the fund and THE BOARD shall act as
20 the ~~sole trustee~~ TRUSTEE of the fund. Monies in the fund are continuously
21 appropriated. The fund is designated a public instrumentality of this
22 state that is created for an essential public purpose. Trust interests in
23 the fund shall be designated by the ~~commission~~ TREASURER for each account
24 owner. The fund shall be separated into a trust account and an operating
25 account. The trust account shall include amounts received by the family
26 college savings program from account owners pursuant to tuition savings
27 agreements and interest and investment income earned by the fund. The
28 ~~commission~~ TREASURER shall make transfers from the trust account to the
29 operating account as necessary for the immediate payment of obligations
30 under tuition savings agreements, operating expenses and administrative
31 costs of the family college savings program. The ~~commission~~ TREASURER
32 shall deposit and invest monies or other amounts in the fund with
33 financial institutions in accordance with section 15-1874.

34 Sec. 4. Section 15-1874, Arizona Revised Statutes, is amended to
35 read:

36 15-1874. Use of contractor as account depository and manager

37 A. The ~~commission~~ TREASURER shall implement the operation of the
38 program through the use of one or more financial institutions to act as
39 the depositories of the fund and managers of the program. Under the
40 program, persons may submit applications for enrollment in the program and
41 establish accounts in the fund at the financial institution. Monies paid
42 by account owners to the fund for deposit in accounts maintained by the
43 fund at a financial institution shall be paid to the financial institution
44 as an agent of the fund and the tuition savings agreements shall provide

1 that all monies paid by account owners to fund accounts held at financial
2 institutions are being paid to the fund.

3 B. The ~~committee~~ TREASURER shall solicit proposals from financial
4 institutions to act as the depositories of fund monies and managers of the
5 program. Financial institutions that submit proposals must describe the
6 financial instruments that will be held in accounts. ~~The commission shall~~
7 ~~select proposals from financial institutions to act as depositories and~~
8 ~~managers, and~~ The solicitation and selection process is exempt from the
9 procurement code requirements of title 41, chapter 23.

10 C. On the recommendation of the ~~committee~~ TREASURER, the ~~commission~~
11 BOARD shall select the financial institution or institutions to implement
12 the program from among bidding financial institutions that demonstrate the
13 most advantageous combination, both to potential program participants and
14 this state, of the following factors:

15 1. Financial stability and integrity.

16 2. The safety of the investment instruments being offered, taking
17 into account any insurance provided with respect to these instruments.

18 3. The ability of the investment instruments to track estimated
19 costs of higher education as calculated by the ~~commission~~ TREASURER and
20 provided by the financial institution to the account holder.

21 4. The ability of the financial institutions, directly or through a
22 subcontract, to satisfy ~~record-keeping~~ RECORDKEEPING and reporting
23 requirements.

24 5. The financial institution's plan for promoting the program and
25 the investment it is willing to make to promote the program.

26 6. The fees, if any, proposed to be charged to persons for
27 maintaining accounts.

28 7. The minimum initial deposit and minimum contributions that the
29 financial institution will require for the investment of fund monies and
30 the willingness of the financial institution to accept contributions
31 through payroll deduction plans and other deposit plans.

32 8. Any other benefits to this state or its residents included in
33 the proposal, including an account opening fee payable to the ~~commission~~
34 TREASURER by the account owner and an additional fee from the financial
35 institution for statewide program marketing by the ~~commission~~ TREASURER.

36 D. ON APPROVAL BY THE BOARD, the ~~commission~~ TREASURER shall enter
37 into a contract with a financial institution, or except as provided in
38 subsection E of this section, contracts with financial institutions, to
39 serve as program managers and depositories. Program management contracts
40 shall provide the terms and conditions by which financial institutions
41 shall sell interests in the fund to account owners, invest monies in the
42 fund and manage the program.

43 E. The ~~commission~~ BOARD may select more than one financial
44 institution and investment for the program if both of the following
45 conditions exist:

1 1. The United States internal revenue service has provided guidance
2 that giving a contributor a choice of two investment instruments under a
3 state plan will not cause the plan to fail to qualify for favorable tax
4 treatment under section 529 of the internal revenue code.

5 2. The ~~commission~~ TREASURER concludes that the choice of instrument
6 vehicles is in the best interest of college savers and will not interfere
7 with the promotion of the program.

8 F. A program manager shall:

9 1. Take all action required to keep the program in compliance with
10 the requirements of this article and all action not contrary to this
11 article or its contract to manage the program so that it is treated as a
12 qualified tuition plan under section 529 of the internal revenue code.

13 2. Keep adequate records of each of the fund's accounts, keep each
14 account segregated from each other account and provide the ~~commission~~
15 TREASURER with the information necessary to prepare statements required by
16 section 15-1875, subsections M, N and O or file these statements on behalf
17 of the ~~commission~~ TREASURER.

18 3. Compile and total information contained in statements required
19 to be prepared under section 15-1875, subsections M, N and O and provide
20 these compilations to the ~~commission~~ TREASURER.

21 4. If there is more than one program manager, provide the
22 ~~commission~~ TREASURER with this information to assist the ~~commission~~
23 TREASURER to determine compliance with section 15-1875, subsection L.

24 5. Provide representatives of the ~~commission~~ TREASURER, including
25 other contractors or other state agencies, access to the books and records
26 of the program manager to the extent needed to determine compliance with
27 the contract.

28 6. Hold all accounts in the name of and for the benefit of the fund
29 and this state.

30 G. Any contract executed between the ~~commission~~ TREASURER and a
31 financial institution pursuant to this section shall be for a term of at
32 least three years and not more than seven years.

33 H. The ~~commission~~ BOARD may terminate a contract with a financial
34 institution at any time for good cause on the recommendation of the
35 ~~committee~~ TREASURER. If a contract is terminated pursuant to this
36 subsection, the ~~commission~~ TREASURER shall take custody of accounts held
37 at that financial institution and shall seek to promptly transfer the
38 accounts to another financial institution that is selected as a program
39 manager and into investment instruments as similar to the original
40 investments as possible.

41 I. If the ~~commission~~ TREASURER determines not to renew the
42 appointment of a financial institution as a program manager, the
43 ~~commission~~ BOARD may take action consistent with the interests of the
44 program and the accounts and in accordance with its duties as the trustee
45 of the fund, including termination of all services or continuation of

1 certain management and administrative services of that financial
2 institution for accounts of the program managed by that financial
3 institution during its term as a program manager, if any continuation of
4 services is only permitted under the following conditions:

5 1. The ~~commission~~ TREASURER and the financial institution enter
6 into a written agreement specifying the rights of the program and the
7 ~~commission~~ TREASURER and the responsibilities of the financial
8 institution, including the standards that continue to be applicable to the
9 accounts as accounts of the program.

10 2. Any services provided by the financial institution to accounts
11 continue to be subject to the control of the ~~commission~~ BOARD as the
12 trustee of the fund with responsibility of all accounts of the program.

13 Sec. 5. Section 15-1875, Arizona Revised Statutes, is amended to
14 read:

15 15-1875. Program requirements

16 A. The program shall be operated through the use of accounts in the
17 fund established by account owners. Payments to the fund for
18 participation in the program shall be made by account owners pursuant to
19 tuition savings agreements. An account may be opened by any person who
20 desires to invest in the fund and to save to pay qualified higher
21 education expenses by satisfying each of the following requirements:

22 1. Completing an application in the form prescribed by the
23 ~~commission~~ TREASURER. The application shall include the following
24 information:

25 (a) The name, address and social security number or employer
26 identification number of the contributor.

27 (b) The name, address and social security number of the account
28 owner if the account owner is not the contributor.

29 (c) The name, address and social security number of the designated
30 beneficiary.

31 (d) The certification relating to no excess contributions required
32 by subsection L of this section.

33 (e) Any other information that the ~~commission~~ TREASURER may
34 require.

35 2. Paying the onetime application fee established by the ~~commission~~
36 TREASURER.

37 3. Making the minimum contribution required by the ~~commission~~
38 TREASURER or by opening an account.

39 4. Designating the type of account to be opened if more than one
40 type of account is offered.

41 B. Any person may make contributions to an account after the
42 account is opened.

43 C. Contributions to accounts may be made only in cash.

44 D. An account owner may change the designated beneficiary of an
45 account to an individual who is a member of the family of the former

1 designated beneficiary in accordance with procedures established by the
2 ~~commission~~ TREASURER.

3 E. On the direction of an account owner, all or a portion of an
4 account may be transferred to another account of which the designated
5 beneficiary is a member of the family of the designated beneficiary of the
6 transferee account.

7 F. Changes in designated beneficiaries and rollovers under this
8 section are not ~~permitted~~ ALLOWED if the changes or rollovers would
9 violate either of the following:

- 10 1. Subsection L of this section, relating to excess contributions.
- 11 2. Subsection I of this section, relating to investment choice.

12 G. Each account shall be maintained separately from each other
13 account under the program.

14 H. Separate records and accounting shall be maintained for each
15 account for each designated beneficiary.

16 I. A contributor to, account owner of or designated beneficiary of
17 any account may not direct the investment, within the meaning of section
18 529 of the internal revenue code, of any contributions to an account or
19 the earnings from the account.

20 J. If the ~~commission~~ TREASURER terminates the authority of a
21 financial institution to hold accounts and accounts must be moved from
22 that financial institution to another financial institution, the
23 ~~commission~~ TREASURER shall select the financial institution and type of
24 investment to which the balance of the account is moved unless the
25 internal revenue service provides guidance stating that allowing the
26 account owner to select among several financial institutions that are then
27 contractors would not cause a plan to cease to be a qualified tuition
28 plan.

29 K. Neither an account owner nor a designated beneficiary may use an
30 interest in an account as security for a loan. Any pledge of an interest
31 in an account is of no force and effect.

32 L. On the recommendation of the ~~committee~~ TREASURER, the ~~commission~~
33 BOARD shall adopt rules to prevent contributions on behalf of a designated
34 beneficiary in excess of those necessary to pay the qualified higher
35 education expenses of the designated beneficiaries. The rules shall
36 address the following:

37 1. Procedures for aggregating the total balances of multiple
38 accounts established for a designated beneficiary.

39 2. The establishment of a maximum total balance for the purpose of
40 prohibiting contributions to accounts established for a designated
41 beneficiary if the contributions would cause the maximum total balance to
42 be exceeded.

43 3. The ~~commission~~ BOARD shall review the quarterly reports received
44 from participating financial institutions and certify that the balance in
45 all qualified tuition programs, as defined in section 529 of the internal

1 revenue code, of which that person is the designated beneficiary does not
2 exceed the lesser of:

3 (a) A maximum college savings amount established by the ~~commission~~
4 BOARD from time to time.

5 (b) The cost in current dollars of qualified higher education
6 expenses that the contributor reasonably anticipates the designated
7 beneficiary will incur.

8 4. Requirements that any excess contributions with respect to a
9 designated beneficiary be promptly withdrawn in a nonqualified withdrawal
10 or rolled over to another account in accordance with this section.

11 M. If there is any distribution from an account to any person or
12 for the benefit of any person during a calendar year, the distribution
13 shall be reported to the internal revenue service and the account owner or
14 the designated beneficiary to the extent required by federal law.

15 N. The financial institution shall provide statements to each
16 account owner at least once each year within thirty-one days after the
17 twelve-month period to which they relate. The statement shall identify
18 the contributions made during a preceding twelve-month period, the total
19 contributions made through the end of the period, the value of the account
20 as of the end of this period, distributions made during this period and
21 any other matters that the commission requires be reported to the account
22 owner.

23 O. Statements and information returns relating to accounts shall be
24 prepared and filed to the extent required by federal or state tax law.

25 P. A state or local government or organizations described in
26 section 501(c)(3) of the internal revenue code may open and become the
27 account owner of an account to fund scholarships for persons whose
28 identity will be determined after an account is opened.

29 Q. In the case of any account described in subsection P of this
30 section, the requirement that a designated beneficiary be designated when
31 an account is opened does not apply and each person who receives an
32 interest in the account as a scholarship shall be treated as a designated
33 beneficiary with respect to the interest.

34 R. Any social security numbers, addresses or telephone numbers of
35 individual account holders and designated beneficiaries that come into the
36 possession of the ~~commission~~ TREASURER are confidential, are not public
37 records and shall not be released by the ~~commission~~ TREASURER.

38 S. An account owner may transfer ownership rights to another
39 eligible account owner.

40 T. An account owner may designate successor account owners.

41 U. Through December 31, 2025, on direction of an account owner, up
42 to \$15,000 of an account may roll over to an achieving a better life
43 experience act account established pursuant to 26 United States Code
44 section 529A.

1 Sec. 6. Section 15-1878, Arizona Revised Statutes, is amended to
2 read:

3 15-1878. Limits of article

4 A. ~~Nothing in~~ This article ~~shall be construed to~~ DOES NOT:

5 1. Give any designated beneficiary any rights or legal interest
6 with respect to an account unless the designated beneficiary is the
7 account owner.

8 2. Guarantee that a designated beneficiary will be admitted to an
9 eligible educational institution or be allowed to continue enrollment at
10 or graduate from an eligible educational institution located in this state
11 after admission.

12 3. Establish state residency for a person merely because the person
13 is a designated beneficiary.

14 4. Guarantee that amounts saved pursuant to the program will be
15 sufficient to cover the qualified higher education expenses of a
16 designated beneficiary.

17 B. ~~Nothing in~~ This article ~~establishes~~ DOES NOT ESTABLISH any
18 obligation of this state or any agency or instrumentality of this state to
19 guarantee for the benefit of any account owner, contributor to an account
20 or designated beneficiary any of the following:

21 1. The return of any amounts contributed to an account.

22 2. The rate of interest or other return on any account.

23 3. The payment of interest or other return on any account.

24 4. Tuition rates or the cost of related higher education
25 expenditures.

26 C. Under rules adopted by the ~~commission~~ TREASURER, every contract,
27 application, deposit slip or other similar document that may be used in
28 connection with a contribution to an account shall clearly indicate that
29 the account is not insured by this state and neither the principal
30 deposited nor the investment return is guaranteed by this state.

31 Sec. 7. Section 15-1879, Arizona Revised Statutes, is amended to
32 read:

33 15-1879. Annual report

34 The ~~commission~~ TREASURER shall submit an annual report to the
35 speaker of the house of representatives, the president of the senate and
36 the governor by March 1 that summarizes the ~~commission's~~ TREASURER'S
37 findings and recommendations concerning the program established by this
38 article.

39 Sec. 8. Section 35-311, Arizona Revised Statutes, is amended to
40 read:

41 35-311. State board of investment; membership; powers and
42 duties

43 A. The state board of investment is established consisting of the
44 state treasurer, the director of the department of administration or the
45 director of the department of administration's designee, the director of

1 the department of insurance and financial institutions or the director of
2 the department of insurance and financial institutions' designee and two
3 individuals appointed by the state treasurer, one of whom has verifiable
4 expertise in investment management and one of whom represents a public
5 entity with current deposits in a local government investment pool. The
6 state treasurer is chairman of the board. The board shall keep an
7 accurate record of its proceedings. A certified copy of the record is
8 prima facie evidence of the matters appearing in the record in any
9 court. A meeting of the board may be called at any time by the chairman
10 or a majority of the board members.

11 B. The state board of investment shall:

12 1. Hold regular monthly meetings.

13 2. Review investments of treasury monies.

14 3. Serve as ~~trustees~~ TRUSTEE of the permanent state land funds and
15 ~~provide management of~~ MANAGE the assets of the funds consistent with the
16 requirements of article X, section 7, Constitution of Arizona.

17 4. Serve as ~~trustees~~ TRUSTEE of any endowments established pursuant
18 to section 35-314.03.

19 5. SERVE AS TRUSTEE OF THE FAMILY COLLEGE SAVINGS PROGRAM
20 ESTABLISHED BY TITLE 15, CHAPTER 14, ARTICLE 7.

21 C. The state treasurer shall furnish to the board of investment at
22 its regular monthly meeting a report of the performance of current
23 investments and a report of the current investments as of the close of
24 business of the preceding month. The state treasurer shall make these
25 reports available for inspection by the public during normal working hours
26 at the office of the state treasurer for a period of time of not less than
27 two years after the date of the report.

28 D. The board of investment may order the state treasurer to sell
29 any of the securities, and any order shall specifically describe the
30 securities and fix the time period during which they are to be sold.
31 Securities so ordered to be sold shall be sold for cash by the state
32 treasurer at the current market price. The state treasurer and the
33 members of the board are not accountable for any loss occasioned by sales
34 of securities at prices lower than their book value. Any loss shall be
35 charged against earnings received from interest or capital gains on the
36 applicable treasury monies.

37 E. The board may establish standards in addition to those
38 established by section 35-317, subsection A for the qualification of
39 agents acting pursuant to section 35-317, subsection B.

40 Sec. 9. Section 41-172, Arizona Revised Statutes, is amended to
41 read:

42 41-172. Powers and duties; administering oaths; appointment
43 of deputy state treasurer

44 A. The state treasurer shall:

- 1 1. Authenticate writings and documents certified by ~~him~~ THE STATE
2 TREASURER with the TREASURER'S seal of ~~his~~ office.
- 3 2. Receive and keep in secure custody all monies that belong to ~~the~~
4 THIS state and that are not required to be received and kept by some other
5 person.
- 6 3. File and keep the documentation delivered to the treasurer when
7 monies are deposited into the treasury.
- 8 4. Deliver to each person depositing money into the treasury a
9 confirmation showing the date, amount and depositing agency and shall
10 provide a unique identifying number for each confirmation.
- 11 5. Pay warrants drawn by the department of administration in the
12 order in which they are presented.
- 13 6. Keep an account of all monies received and disbursed, and keep
14 separate accounts of the different funds and appropriations of ~~money~~
15 MONIES.
- 16 7. Give information in writing as to the condition of the state
17 treasury, or on any subject relating to the duties of the treasurer, at
18 the request of a member of the legislature.
- 19 8. Deliver to the governor and the department of administration,
20 monthly, an accurate statement of receipts and expenditures of public
21 monies for the preceding month, containing a complete exhibit of all the
22 public monies received and paid from the state treasury, showing, under
23 separate heads, on what accounts and from what sources received, and for
24 what particular object or service the monies have been paid. The
25 treasurer shall deliver to the governor a similar statement on or before
26 November 1 each year for the preceding fiscal year. The statement shall
27 also include an estimate of the invested balance including the general
28 fund share of that balance as of June 30 of the preceding fiscal year.
29 The statements are public records available for inspection at the office
30 of the state treasurer.
- 31 9. On or before February 1 of each year, in coordination with the
32 director of the department of administration, submit to the joint
33 legislative budget committee a report explaining any differences between
34 the department of administration's estimate of the previous fiscal year's
35 state general fund ending balance submitted pursuant to section 35-131 and
36 the state treasurer's estimate of the invested balance including the STATE
37 general fund share of that balance as of June 30 of the previous fiscal
38 year submitted pursuant to paragraph 8 OF THIS SUBSECTION.
- 39 10. Exercise those specific powers of the surveyor-general as a
40 member of the selection board established under section 37-202.
- 41 11. ADMINISTER THE FAMILY COLLEGE SAVINGS PROGRAM ESTABLISHED BY
42 TITLE 15, CHAPTER 14, ARTICLE 7.
- 43 B. The state treasurer may administer all oaths prescribed by law
44 in matters touching the duties of the office of the state treasurer,
45 subject to chapter 4, article 4 of this title, may appoint a deputy state

1 treasurer, may qualify and select investment managers or advisors pursuant
2 to section 35-318 and shall perform other duties required by other laws of
3 this state.

4 C. Employees of the state treasurer's office are subject to chapter
5 4, article 4 of this title. For prospective or current employees of the
6 state treasurer's office, the state treasurer may:

7 1. Require the submission of a full set of fingerprints for the
8 purpose of obtaining a state and federal criminal records check pursuant
9 to section 41-1750 and Public Law 92-544. The department of public safety
10 may exchange this fingerprint data with the federal bureau of
11 investigation.

12 2. Conduct a periodic review of credit standing.

13 Sec. 10. Title 41, chapter 1, article 4, Arizona Revised Statutes,
14 is amended by adding section 41-175, to read:

15 41-175. Family college savings program advisory committee:
16 membership; duties; committee termination

17 A. THE STATE TREASURER SHALL APPOINT A FAMILY COLLEGE SAVINGS
18 PROGRAM ADVISORY COMMITTEE TO ASSIST THE TREASURER IN PROMOTING AND
19 RAISING AWARENESS OF THE FAMILY COLLEGE SAVINGS PROGRAM ESTABLISHED BY
20 TITLE 15, CHAPTER 14, ARTICLE 7 TO RESIDENTS OF THIS STATE, WITH EMPHASIS
21 ON INCREASING ACCESS TO THE PROGRAM AMONG ECONOMICALLY DISADVANTAGED,
22 MINORITY AND UNDERREPRESENTED STUDENT POPULATIONS. THE ADVISORY COMMITTEE
23 SHALL INCLUDE ALL OF THE FOLLOWING:

24 1. THE STATE TREASURER OR THE STATE TREASURER'S DESIGNEE, WHO
25 SERVES AS CHAIRPERSON OF THE COMMITTEE.

26 2. TWO MEMBERS WHO REPRESENT COMMUNITY COLLEGE DISTRICTS IN THIS
27 STATE, ONE OF WHOM REPRESENTS A COMMUNITY COLLEGE DISTRICT IN A COUNTY
28 WITH A POPULATION OF FIVE HUNDRED THOUSAND PERSONS OR MORE AND ONE OF WHOM
29 REPRESENTS A COMMUNITY COLLEGE DISTRICT IN A COUNTY WITH A POPULATION OF
30 LESS THAN FIVE HUNDRED THOUSAND PERSONS.

31 3. ONE MEMBER WHO REPRESENTS A UNIVERSITY UNDER THE JURISDICTION OF
32 THE ARIZONA BOARD OF REGENTS.

33 4. ONE MEMBER WHO REPRESENTS AN ACCREDITED PRIVATE EDUCATIONAL
34 INSTITUTION IN THIS STATE OFFERING ASSOCIATE, BACCALAUREATE OR HIGHER
35 DEGREES.

36 5. ONE MEMBER WHO REPRESENTS AN ACCREDITED PRIVATE EDUCATIONAL
37 INSTITUTION OFFERING PRIVATE VOCATIONAL TRAINING IN THIS STATE.

38 6. ONE MEMBER WHO IS A TEACHER AND WHO CURRENTLY PROVIDES CLASSROOM
39 INSTRUCTION IN THIS STATE.

40 7. ONE MEMBER WHO REPRESENTS A FEDERALLY RECOGNIZED INDIAN TRIBE IN
41 THIS STATE.

42 8. THREE PUBLIC MEMBERS WHO ARE RESIDENTS OF THIS STATE.

43 B. THE COMMITTEE SHALL DO BOTH OF THE FOLLOWING:

1 1. ASSIST AND MAKE RECOMMENDATIONS TO THE STATE TREASURER REGARDING
2 PROMOTIONAL AND INFORMATIONAL ACTIVITIES RELATING TO THE FAMILY COLLEGE
3 SAVINGS PROGRAM.

4 2. MEET AT LEAST ONCE EACH CALENDAR QUARTER. A MAJORITY OF THE
5 MEMBERSHIP CONSTITUTES A QUORUM FOR THE TRANSACTION OF BUSINESS.

6 C. COMMITTEE MEMBERS ARE NOT ELIGIBLE TO RECEIVE COMPENSATION OR
7 REIMBURSEMENT OF EXPENSES.

8 D. THE STATE TREASURER'S OFFICE SHALL PROVIDE NECESSARY STAFF
9 SERVICES TO THE COMMITTEE.

10 E. THE COMMITTEE ESTABLISHED BY THIS SECTION ENDS ON JULY 1, 2028
11 PURSUANT TO SECTION 41-3103.

12 Sec. 11. Transfer; effect; succession; cooperation

13 A. All administrative matters, contracts and judicial and
14 quasi-judicial actions, whether completed, pending or in process, of the
15 commission for postsecondary education that relate to the family college
16 savings program established by title 15, chapter 14, article 7, Arizona
17 Revised Statutes, are transferred, on the effective date of this act, and
18 retain the same status with the state treasurer.

19 B. All rules adopted by the commission for postsecondary education
20 pursuant to title 15, chapter 14, article 7, Arizona Revised Statutes,
21 remain in full force until superseded by rules adopted by the state board
22 of investment or the state treasurer, as applicable.

23 C. All personnel, property and records, all data and investigative
24 findings, all obligations and all appropriated monies remaining unspent
25 and unencumbered of the commission for postsecondary education relating to
26 the family college savings program pursuant to title 15, chapter 14,
27 article 7, Arizona Revised Statutes, are transferred to the state
28 treasurer and may be used for the purposes of this act.

29 D. The commission for postsecondary education shall cooperate and
30 coordinate with the state treasurer to ensure the successful transition of
31 the family college savings program from the commission to the state
32 treasurer during the transfer period.

33 Sec. 12. Effective date

34 This act is effective from and after September 30, 2020.