

# Senate Amendment 3109

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1 1 Amend Senate File 384 as follows:  
1 2 #1. Page 1, by inserting before line 1 the  
1 3 following:  
1 4 <Section 1. Section 12D.1, unnumbered paragraph 1,  
1 5 Code 2003, is amended to read as follows:  
1 6 The general assembly finds that the general welfare  
1 7 and well-being of the state are directly related to  
1 8 educational levels and skills of the citizens of the  
1 9 state, and that a vital and valid public purpose is  
1 10 served by the creation and implementation of programs  
1 11 which encourage and make possible the attainment of  
1 12 higher education by the greatest number of citizens of  
1 13 the state. The state has limited resources to provide  
1 14 additional programs for higher education funding and  
1 15 the continued operation and maintenance of the state's  
1 16 public institutions of higher education and the  
1 17 general welfare of the citizens of the state will be  
1 18 enhanced by establishing a program which allows  
1 19 citizens of the state to invest money in a public  
1 20 trust for future application to the payment of higher  
1 21 education costs. The creation of the means of  
1 22 encouragement for citizens to invest in such a program  
1 23 represents the carrying out of a vital and valid  
1 24 public purpose. In order to make available to the  
1 25 citizens of the state an opportunity to fund future  
1 26 higher education needs, it is necessary that a public  
1 27 trust be established in which moneys may be invested  
1 28 for future educational use. ~~It is also necessary to~~  
~~1 29 establish an endowment fund which may be funded with~~  
~~1 30 public funds, among other sources, the income from~~  
~~1 31 which will be made available to participants in the~~  
~~1 32 trust to enhance their savings invested for the~~  
~~1 33 payment of future higher education costs.~~  
1 34 Sec. \_\_\_\_\_. Section 12D.1, subsections 5 and 13,  
1 35 Code 2003, are amended by striking the subsections.  
1 36 Sec. \_\_\_\_\_. Section 12D.2, subsections 4, 8, and 12,  
1 37 Code 2003, are amended to read as follows:  
1 38 4. Accept any grants, gifts, legislative  
1 39 appropriations, and other moneys from the state, any  
1 40 unit of federal, state, or local government, or any  
1 41 other person, firm, partnership, or corporation which  
1 42 the treasurer of state shall deposit into the  
1 43 administrative fund, ~~the endowment fund, or the~~  
1 44 program fund.  
~~1 45 8. Solicit and accept for the benefit of the~~  
~~1 46 endowment fund gifts, grants, and other moneys,~~  
~~1 47 including legislative appropriations and grants from~~  
~~1 48 any federal, state, or local governmental agency.~~  
1 49 12. Invest moneys from ~~the endowment fund and the~~  
1 50 program fund in any investments which are determined  
2 1 by the treasurer of state to be appropriate.  
2 2 Sec. \_\_\_\_\_. Section 12D.3, subsections 2 and 3, Code  
2 3 2003, are amended to read as follows:  
2 4 2. Beneficiaries designated in participation  
2 5 agreements may be designated from date of birth ~~up to,~~  
~~2 6 but not including, their eighteenth birthday. A~~  
2 7 substitute beneficiary ~~may be older than age eighteen~~  
~~2 8 provided that the substitute beneficiary is not shall~~  
2 9 ~~not be older than the original beneficiary.~~  
2 10 3. ~~A participant's account balance shall be~~  
~~2 11 refunded to the participant, less endowment fund~~  
~~2 12 earnings, and less a refund penalty levied by the~~  
~~2 13 trust against account balance earnings, if any, in the~~  
~~2 14 event an account balance remains in the account for a~~  
~~2 15 thirty-day period following the beneficiary's~~  
~~2 16 thirtieth birthday.~~  
2 17 Sec. \_\_\_\_\_. Section 12D.4, Code 2003, is amended by  
2 18 striking the section and inserting in lieu thereof the  
2 19 following:  
2 20 12D.4 PROGRAM AND ADMINISTRATIVE FUNDS ==  
2 21 INVESTMENT AND PAYMENTS.

2 22 1. The treasurer of state shall segregate moneys  
2 23 received by the trust into two funds: the program  
2 24 fund and the administrative fund.  
2 25 2. All moneys paid by participants in connection  
2 26 with participation agreements shall be deposited as  
2 27 received into separate accounts within the program  
2 28 fund.  
2 29 3. Contributions to the trust made by participants  
2 30 or received in the form of gifts, grants, or donations  
2 31 may only be made in the form of cash.  
2 32 4. A participant or beneficiary shall not provide  
2 33 investment direction regarding program contributions  
2 34 or earnings held by the trust.  
2 35 5. Moneys accrued by participants in the program  
2 36 fund of the trust may be used for payments to any  
2 37 institution of higher education.  
2 38 Sec. \_\_\_\_\_. Section 12D.5, Code 2003, is amended by  
2 39 striking the section and inserting in lieu thereof the  
2 40 following:  
2 41 12D.5 CANCELLATION OF AGREEMENTS.  
2 42 A participant may cancel a participation agreement  
2 43 at will. Upon cancellation of a participation  
2 44 agreement, a participant shall be entitled to the  
2 45 return of the participant's account balance.  
2 46 Sec. \_\_\_\_\_. Section 12D.6, subsections 1 and 2, Code  
2 47 2003, are amended to read as follows:  
2 48 1. a. A participant retains ownership of all  
2 49 payments made under a participation agreement up to  
2 50 the date of ~~utilization for payment of higher~~  
3 1 ~~education costs for distribution to the beneficiary.~~  
3 2 b. All income derived from the investment of the  
3 3 payments made by the participant shall be considered  
3 4 to be held in trust for the benefit of the  
3 5 beneficiary.  
3 6 2. In the event the program is terminated prior to  
3 7 ~~payment of higher education costs for distribution to~~  
3 8 ~~the beneficiary, the participant is entitled to a~~  
3 9 ~~refund of the participant's account balance.~~  
3 10 ~~No right to receive investment income shall exist~~  
3 11 ~~in cases of voluntary participant cancellation except~~  
3 12 ~~as provided in section 12D.5.~~  
3 13 Sec. \_\_\_\_\_. Section 12D.9, subsection 1, paragraphs  
3 14 c, d, and e, Code 2003, are amended to read as  
3 15 follows:  
3 16 c. Pursuant to section 12D.4, subsection ~~1,~~  
3 17 ~~paragraph "b"~~ 2, a separate account is established for  
3 18 each beneficiary.  
3 19 d. Pursuant to section 12D.4, subsection ~~1,~~  
3 20 ~~paragraph "f"~~ 3, contributions may only be made in the  
3 21 form of cash.  
3 22 e. Pursuant to section 12D.4, subsection ~~1,~~  
3 23 ~~paragraph "g"~~ 4, a participant or beneficiary shall  
3 24 not provide investment direction regarding program  
3 25 contributions or earnings held by the trust.  
3 26 Sec. \_\_\_\_\_. Section 12D.9, subsection 1, paragraph  
3 27 f, Code 2003, is amended by striking the paragraph.  
3 28 Sec. \_\_\_\_\_. Section 12D.9, subsection 2, Code 2003,  
3 29 is amended to read as follows:  
3 30 2. State income tax treatment of the Iowa  
3 31 educational savings plan trust shall be as provided in  
3 32 section 422.7, subsections ~~32,~~ ~~and 33,~~ ~~and 34,~~ ~~and~~  
3 33 ~~section 422.35, subsection 14.~~  
3 34 Sec. \_\_\_\_\_. Section 12D.10, subsection 1, Code 2003,  
3 35 is amended to read as follows:  
3 36 1. The assets of the trust, including the program  
3 37 fund ~~and the endowment fund~~, shall at all times be  
3 38 preserved, invested, and expended solely and only for  
3 39 the purposes of the trust and shall be held in trust  
3 40 for the participants and beneficiaries.  
3 41 Sec. \_\_\_\_\_. Section 422.7, subsection 34, Code 2003,  
3 42 is amended by striking the subsection.  
3 43 #2. Page 1, by inserting after line 24 the  
3 44 following:  
3 45 <Sec. \_\_\_\_\_. Section 422.35, subsection 14, Code  
3 46 2003, is amended by striking the subsection.>  
3 47 #3. Title page, line 1, by inserting after the  
3 48 word <relating> the following: <to the Iowa education  
3 49 savings plan trust and>.

4 3 CHARLES W. LARSON, JR.  
4 4 SF 384.201 80  
4 5 mg/sh