

ASSEMBLY BILL NO. 475—COMMITTEE  
ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE OFFICE OF FINANCE  
IN THE OFFICE OF THE GOVERNOR)

MARCH 27, 2017

Referred to Committee on Government Affairs

SUMMARY—Revises provisions relating to education.  
(BDR 31-975)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to education; requiring the Board of Trustees of the College Savings Plans of Nevada to establish the Nevada College Kick Start Program; revising the membership of the Board; providing that the Nevada Higher Education Prepaid Tuition Trust Fund consists, in part, of payments received pursuant to a loan made to the Trust Fund for purposes of the fiscal stabilization of the Nevada Higher Education Prepaid Tuition Program; requiring the transfer of money in accounts created under the Program to the Endowment Account in the State General Fund under certain circumstances; revising provisions governing the expenditures authorized from the Endowment Account; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

- 1 The Board of Trustees of the College Savings Plans of Nevada was created
- 2 under existing law to oversee the Nevada Higher Education Prepaid Tuition
- 3 Program and the Nevada College Savings Program. The State Treasurer or his or
- 4 her designee serves as the Chair of the Board. (NRS 353B.001-353B.370) **Section**
- 5 **2** of this bill revises the membership of the Board to: (1) provide that the State
- 6 Treasurer or his or her designee serves as an ex officio nonvoting member; and (2)
- 7 add a new voting member who is appointed by the Governor. **Section 2** also



\* A B 4 7 5 R 1 \*

8 provides for the selection of the Chair of the Board by the voting members of the  
9 Board.

10 **Section 1** of this bill requires the Board to establish the Nevada College Kick  
11 Start Program to create college savings accounts for pupils enrolled in kindergarten  
12 in public schools in Nevada who are residents of Nevada. **Section 1** requires the  
13 Board, within limits of money available for this purpose, to deposit money in the  
14 accounts to be used for the costs of higher education of those pupils. **Section 1** also  
15 requires the Board to adopt regulations for the implementation of the Program and  
16 authorizes the Board to apply for and accept gifts, grants and donations to carry out  
17 the Program.

18 Existing law authorizes the State Treasurer to establish an Endowment Account  
19 in the State General Fund to carry out the State Treasurer's duties with respect to  
20 the Nevada College Savings Program. The Endowment Account is required to be  
21 used for the deposit of any money received by the Nevada College Savings  
22 Program that is not received pursuant to a savings account agreement and which the  
23 State Treasurer determines is not necessary for certain administration and  
24 marketing activities. The State Treasurer is authorized to expend money in the  
25 Endowment Account: (1) for any purpose related to the Nevada College Savings  
26 Program; (2) to pay the costs of administering the Governor Guinn Millennium  
27 Scholarship Program; or (3) in any other manner which assists residents of Nevada  
28 to attain postsecondary education. (NRS 353B.350) **Section 6** of this bill limits the  
29 purposes for which the State Treasurer is authorized to expend money in the  
30 Endowment Account only to purposes related to the funding of college savings  
31 accounts under the Nevada College Kick Start Program, the Governor Guinn  
32 Millennium Scholarship Program, administrative and marketing costs related to the  
33 Nevada Higher Education Prepaid Tuition Program and the Nevada College  
34 Savings Program, and programs for the financial education of residents of this  
35 State. **Section 1** requires the Board of Trustees of the College Savings Plans of  
36 Nevada to transfer to the Endowment Account the balance in the account of a pupil  
37 created under the Nevada College Kick Start Program: (1) that has not been  
38 accessed by a parent or guardian of the pupil by the time the pupil is enrolled in the  
39 fifth grade; or (2) which otherwise has not been used within the time prescribed by  
40 regulation.

41 Existing law creates the Nevada Higher Education Prepaid Tuition Trust Fund  
42 which consists of certain payments received by the Trust Fund. (NRS 353B.140)  
43 **Section 2.5** of this bill adds to the list of payments included in the Trust Fund  
44 payments received pursuant to a loan made to the Trust Fund for the purpose of  
45 fiscal stabilization of the Nevada Higher Education Prepaid Tuition Program.

46 Existing law creates the Nevada College Savings Trust Fund and authorizes the  
47 State Treasurer to accept and expend for certain purposes money provided to the  
48 Trust Fund by a private entity. (NRS 353B.340, 353B.360) **Section 6.5** of this bill  
49 removes this grant of authority from the State Treasurer and instead authorizes the  
50 Board of Trustees of the College Savings Plans of Nevada to accept and expend  
51 such money.

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THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 353B of NRS is hereby amended by adding  
2 thereto a new section to read as follows:

3 *1. The Board shall establish the Nevada College Kick Start*  
4 *Program to provide for the creation of a college savings account*



\* A B 4 7 5 R 1 \*

1 *for each pupil who is a resident of this State upon commencement*  
2 *of his or her enrollment in kindergarten at a public school in this*  
3 *State. Within the limits of money available for this purpose, the*  
4 *Board shall deposit money in such an account to be used to pay a*  
5 *portion of the costs of higher education of the pupil.*

6 2. *The Board shall adopt regulations for the implementation*  
7 *of the Program, including, without limitation, regulations*  
8 *regarding:*

9 (a) *Enrollment in the Program, including without limitation,*  
10 *opting in or opting out of the Program;*

11 (b) *Procedures for the parent or guardian of a pupil to access*  
12 *the account of the pupil created pursuant to subsection 1;*

13 (c) *The time within which the money in the account created*  
14 *pursuant to subsection 1 must be used; and*

15 (d) *Distributions from an account created pursuant to*  
16 *subsection 1.*

17 3. *The Board may apply for and accept any gift, donation,*  
18 *bequest, grant or other source of money to carry out the Program.*

19 4. *The Board shall transfer to the Endowment Account*  
20 *established pursuant to NRS 353B.350 the balance in the account*  
21 *of a pupil created pursuant to subsection 1 that:*

22 (a) *Has not been accessed by a parent or guardian of the pupil*  
23 *in the manner prescribed in the regulations adopted pursuant to*  
24 *subsection 2 by the time the pupil is enrolled in grade 5.*

25 (b) *Is otherwise remaining after expiration of the time*  
26 *prescribed in the regulations adopted pursuant to subsection 2*  
27 *within which the money in the account must be used.*

28 **Sec. 2.** NRS 353B.005 is hereby amended to read as follows:

29 353B.005 1. There is hereby created a Board of Trustees of  
30 the College Savings Plans of Nevada.

31 2. The Board consists of ~~{five}~~ :

32 (a) *Five voting* members composed of:

33 ~~{(a) The State Treasurer, who may name a designee to serve on~~  
34 ~~the Board on his or her behalf.~~

35 ~~—(b)}~~ (1) The Director of the Office of Finance, who may name a  
36 designee to serve on the Board on his or her behalf.

37 ~~{(c)}~~ (2) The Chancellor of the System, who may name a  
38 designee to serve on the Board on his or her behalf.

39 ~~{(d) Two}~~

40 (3) *Three* members appointed by the Governor. A member  
41 who is appointed by the Governor must possess knowledge, skill  
42 and experience in the field of:

43 ~~{(1)}~~ (I) Accounting;

44 ~~{(2)}~~ (II) Finance;

45 ~~{(3)}~~ (III) Investment management; or



1           ~~(4)~~ *(IV) Marketing.*  
2           ***(b) The State Treasurer or his or her designee, who serves ex***  
3 ***officio as a nonvoting member.***

4           3. A member of the Board who is appointed by the Governor  
5 ~~+~~ ***pursuant to subparagraph (3) of paragraph (a) of subsection 2:***

6           (a) Serves for a term of 4 years;  
7           (b) Except as otherwise provided in paragraph (c), may be  
8 reappointed by the Governor; and

9           (c) Except as otherwise provided in this paragraph, may serve  
10 for only two terms. A member who is appointed to fill a vacancy in  
11 an unexpired term that is not longer than 3 years may serve two  
12 terms in addition to the unexpired term.

13           4. The ~~State Treasurer or his or her designee~~ ***voting members***  
14 ***of the Board*** shall ~~serve as the~~ ***elect a*** Chair of the Board ~~+~~ ***from***  
15 ***among their number. The term of office of the Chair is 1 year.***

16           5. Each member of the Board serves without compensation,  
17 except that each member is entitled to receive:

18           (a) The per diem allowance and travel expenses provided for  
19 state officers and employees generally; and

20           (b) Reimbursement for any other actual and reasonable expense  
21 incurred while performing his or her duties.

22           6. As used in this section, the term “College Savings Plans of  
23 Nevada” includes the Nevada Higher Education Prepaid Tuition  
24 Program set forth in NRS 353B.010 to 353B.190, inclusive, and the  
25 Nevada College Savings Program set forth in NRS 353B.300 to  
26 353B.370, inclusive ~~+~~, ***and section 1 of this act including the***  
27 ***Nevada College Kick Start Program.***

28           **Sec. 2.5.** NRS 353B.140 is hereby amended to read as follows:

29           353B.140 1. The Nevada Higher Education Prepaid Tuition  
30 Trust Fund is hereby created within the State Treasury to allow the  
31 cost of tuition to be paid in advance of enrollment at an institution of  
32 higher education.

33           2. The Trust Fund consists of payments received pursuant to:

34           (a) A prepaid tuition contract;

35           (b) A bequest, endowment or grant from the Federal  
36 Government;

37           (c) A matching contribution made as described in NRS  
38 363A.137 or 363B.117; ~~or~~

39           (d) ***A loan made to the Trust Fund for purposes of the fiscal***  
40 ***stabilization of the Nevada Higher Education Prepaid Tuition***  
41 ***Program; or***

42           (e) Any other public or private source of money.

43           3. Money in the Trust Fund that is not expended during any  
44 biennium does not revert to the State General Fund at any time.



1     **Sec. 3.** NRS 353B.320 is hereby amended to read as follows:  
2     353B.320 The Board may delegate to the State Treasurer any  
3 of its administrative powers and duties specified in NRS 353B.300  
4 to 353B.370, inclusive, *and section 1 of this act* if the Board  
5 determines that such delegation is necessary for the efficient and  
6 effective administration of the Nevada College Savings Program  
7 and the Trust Fund.

8     **Sec. 4.** NRS 353B.330 is hereby amended to read as follows:  
9     353B.330 Savings trust accounts and agreements entered into  
10 pursuant to NRS 353B.300 to 353B.370, inclusive, *and section 1 of*  
11 *this act* are not guaranteed by the full faith and credit of the State of  
12 Nevada.

13     **Sec. 5.** (Deleted by amendment.)

14     **Sec. 6.** NRS 353B.350 is hereby amended to read as follows:  
15     353B.350 1. The Trust Fund and any account established by  
16 the State Treasurer pursuant to this section must be administered by  
17 the State Treasurer.

18     2. The State Treasurer shall establish such accounts as he or  
19 she determines necessary to carry out his or her duties pursuant to  
20 NRS 353B.300 to 353B.370, inclusive, *and section 1 of this act*,  
21 including, without limitation:

- 22     (a) A Program Account in the Trust Fund; and  
23     (b) An Administrative Account and an Endowment Account in  
24 the State General Fund.

25     3. The Program Account must be used for the receipt,  
26 investment and disbursement of money pursuant to savings trust  
27 agreements.

28     4. The Administrative Account must be used for the deposit  
29 and disbursement of money to administer and market the Nevada  
30 College Savings Program and to supplement the administration and  
31 marketing of the Nevada Higher Education Prepaid Tuition Program  
32 set forth in NRS 353B.010 to 353B.190, inclusive.

33     5. ~~The~~ *In addition to the money transferred pursuant to*  
34 *section 1 of this act, the* Endowment Account must be used for the  
35 deposit of any money received by the Nevada College Savings  
36 Program that is not received pursuant to a savings trust agreement  
37 and, in the determination of the State Treasurer, is not necessary for  
38 the use of the Administrative Account. The money in the  
39 Endowment Account may be expended ~~for any purpose related~~  
40 *to:*

41     (a) ~~For any purpose related to the~~ *The funding of college*  
42 *savings accounts created under the* Nevada College ~~Savings~~ *Kick*  
43 *Start* Program ~~established pursuant to section 1 of this act;~~

44     (b) ~~To pay the costs of administering the~~ *The* Governor Guinn  
45 Millennium Scholarship Program created pursuant to NRS 396.926,



1 *including, without limitation, the costs of administering the*  
2 *Program,* but such costs must not exceed an amount equal to 3  
3 percent of the anticipated annual revenue to the State of Nevada  
4 from the settlement agreements with and civil actions against  
5 manufacturers of tobacco products anticipated for deposit in the  
6 Trust Fund; ~~or~~

7 (c) ~~In any other manner which assists the residents of this state~~  
8 ~~to attain postsecondary education.~~ *The administrative costs, as*  
9 *approved by the Legislature or the Interim Finance Committee, of*  
10 *activities related to the Nevada Higher Education Prepaid Tuition*  
11 *Program set forth in NRS 353B.010 to 353B.190, inclusive, and*  
12 *the Nevada College Savings Program set forth in NRS 353B.300*  
13 *to 353B.370, inclusive, and section 1 of this act, including the*  
14 *Nevada College Kick Start Program;*

15 (d) *The costs of marketing related to the Nevada Higher*  
16 *Education Prepaid Tuition Program set forth in NRS 353B.010 to*  
17 *353B.190, inclusive, and the Nevada College Savings Program set*  
18 *forth in NRS 353B.300 to 353B.370, inclusive, and section 1 of*  
19 *this act, including the Nevada College Kick Start Program, but*  
20 *such costs must not exceed an amount equal to 3 percent of the*  
21 *money in the Endowment Account that was received during the*  
22 *first fiscal year of the immediately preceding biennium by the*  
23 *Nevada College Savings Program, was not received pursuant to a*  
24 *savings trust agreement and, in the determination of the State*  
25 *Treasurer, was not necessary for the use of the Administrative*  
26 *Account; or*

27 (e) *The costs of providing programs for the financial*  
28 *education of residents of this State, but such costs must not exceed*  
29 *an amount equal to 3 percent of the money in the Endowment*  
30 *Account that was received during the first fiscal year of the*  
31 *immediately preceding biennium by the Nevada College Savings*  
32 *Program, was not received pursuant to a savings trust agreement*  
33 *and, in the determination of the State Treasurer, was not*  
34 *necessary for the use of the Administrative Account.*

35 **Sec. 6.5.** NRS 353B.360 is hereby amended to read as follows:  
36 353B.360 The ~~State Treasurer~~ *Board* may accept and expend  
37 on behalf of the Trust Fund money provided by private entities for  
38 direct expenses or marketing ~~in~~ *in accordance with the provisions*  
39 *of NRS 353.150 to 353.245, inclusive.* Such money is not a part of  
40 the Trust Fund.

41 **Sec. 7.** This act becomes effective upon passage and approval.

