

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; 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. (NRS 353B.001-353B.370)
4 **Section 1** of this bill requires the Board to establish the Nevada College Kick Start
5 Program to create college savings accounts for pupils enrolled in kindergarten in
6 public schools in Nevada who are residents of Nevada. **Section 1** requires the
7 Board, within limits of money available for this purpose, to deposit money in the
8 accounts to be used for the costs of higher education of those pupils. **Section 1** also
9 requires the Board to adopt regulations for the implementation of the Program and
10 authorizes the Board to apply for and accept gifts, grants and donations to carry out
11 the Program.

12 Existing law authorizes the State Treasurer to establish an Endowment Account
13 in the State General Fund to carry out the State Treasurer’s duties with respect to
14 the Nevada College Savings Program. The Endowment Account is required to be



15 used for the deposit of any money received by the Nevada College Savings
16 Program that is not received pursuant to a savings account agreement and which the
17 State Treasurer determines is not necessary for certain administration and
18 marketing activities. The State Treasurer is authorized to expend money in the
19 Endowment Account: (1) for any purpose related to the Nevada College Savings
20 Program; (2) to pay the costs of administering the Governor Guinn Millennium
21 Scholarship Program; or (3) in any other manner which assists residents of Nevada
22 to attain postsecondary education. (NRS 353B.350) **Section 6** of this bill limits the
23 purposes for which the State Treasurer is authorized to expend money in the
24 Endowment Account only to purposes related to the Nevada College Kick Start
25 Program or the Governor Guinn Millennium Scholarship Program. **Section 1**
26 requires the Board of Trustees of the College Savings Plans of Nevada to transfer to
27 the Endowment Account the balance in the account of a pupil created under the
28 Nevada College Kick Start Program: (1) that has not been accessed by a parent or
29 guardian of the pupil by the time the pupil is enrolled in the third grade; or (2)
30 which otherwise has not been used within the time prescribed by regulation.

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

10 *2. The Board shall adopt regulations for the implementation*
11 *of the Program, including, without limitation, regulations*
12 *regarding:*

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

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

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

19 *(d) Distributions from an account created pursuant to*
20 *subsection 1.*

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

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



1 *(a) Has not been accessed by a parent or guardian of the pupil*
2 *in the manner prescribed in the regulations adopted pursuant to*
3 *subsection 2 by the time the pupil is enrolled in grade 3.*

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

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

8 353B.005 1. There is hereby created a Board of Trustees of
9 the College Savings Plans of Nevada.

10 2. The Board consists of five members composed of:

11 (a) The State Treasurer, who may name a designee to serve on
12 the Board on his or her behalf.

13 (b) The Director of the Office of Finance, who may name a
14 designee to serve on the Board on his or her behalf.

15 (c) The Chancellor of the System, who may name a designee to
16 serve on the Board on his or her behalf.

17 (d) Two members appointed by the Governor. A member who is
18 appointed by the Governor must possess knowledge, skill and
19 experience in the field of:

20 (1) Accounting;

21 (2) Finance;

22 (3) Investment management; or

23 (4) Marketing.

24 3. A member of the Board who is appointed by the Governor:

25 (a) Serves for a term of 4 years;

26 (b) Except as otherwise provided in paragraph (c), may be
27 reappointed by the Governor; and

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

32 4. The State Treasurer or his or her designee shall serve as the
33 Chair of the Board.

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

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

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

40 6. As used in this section, the term "College Savings Plans of
41 Nevada" includes the Nevada Higher Education Prepaid Tuition
42 Program set forth in NRS 353B.010 to 353B.190, inclusive, and the
43 Nevada College Savings Program set forth in NRS 353B.300 to
44 353B.370, inclusive **†**, and *section 1 of this act.*



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.** NRS 353B.340 is hereby amended to read as follows:
14 353B.340 1. The Nevada College Savings Trust Fund is
15 hereby created.

16 2. The Trust Fund is an instrumentality of this state, and its
17 property and income are exempt from all taxation by this state and
18 any political subdivision thereof.

19 3. The Trust Fund consists of:

20 (a) All money deposited in accordance with savings trust
21 agreements;

22 (b) All money received as a matching contribution made as
23 described in NRS 363A.137 or 363B.117; and

24 (c) All earnings on the money in the Trust Fund.

25 4. Money in the Trust Fund:

26 (a) Is not the property of this state, and this state has no claim to
27 or interest in such money; and

28 (b) Must not be commingled with money of this state.

29 5. A savings trust agreement or any other contract entered into
30 by or on behalf of the Trust Fund does not constitute a debt or
31 obligation of this state, and no account owner is entitled to any
32 money in the Trust Fund except for that money on deposit in or
33 accrued to his or her account.

34 6. The money in the Trust Fund must be preserved, invested
35 and expended solely pursuant to and for the purposes authorized by
36 NRS 353B.300 to 353B.370, inclusive, *and section 1 of this act* and
37 must not be loaned or otherwise transferred or used by this state for
38 any other purpose.

39 **Sec. 6.** NRS 353B.350 is hereby amended to read as follows:

40 353B.350 1. The Trust Fund and any account established by
41 the State Treasurer pursuant to this section must be administered by
42 the State Treasurer.

43 2. The State Treasurer shall establish such accounts as he or
44 she determines necessary to carry out his or her duties pursuant to



1 NRS 353B.300 to 353B.370, inclusive, *and section 1 of this act*,
2 including, without limitation:

3 (a) A Program Account in the Trust Fund; and

4 (b) An Administrative Account and an Endowment Account in
5 the State General Fund.

6 3. The Program Account must be used for the receipt,
7 investment and disbursement of money pursuant to savings trust
8 agreements.

9 4. The Administrative Account must be used for the deposit
10 and disbursement of money to administer and market the Nevada
11 College Savings Program and to supplement the administration and
12 marketing of the Nevada Higher Education Prepaid Tuition Program
13 set forth in NRS 353B.010 to 353B.190, inclusive.

14 5. The Endowment Account must be used for the deposit of
15 any money received by the Nevada College Savings Program that is
16 not received pursuant to a savings trust agreement and, in the
17 determination of the State Treasurer, is not necessary for the use of
18 the Administrative Account. The money in the Endowment Account
19 may be expended **for any purpose related to:**

20 (a) ~~For any purpose related to the~~ **The** Nevada College
21 ~~Savings~~ **Kick Start** Program ~~established pursuant to section 1~~
22 ~~of this act; or~~

23 (b) ~~To pay the costs of administering the~~ **The** Governor Guinn
24 Millennium Scholarship Program created pursuant to NRS 396.926 .
25 ~~, but such costs must not exceed an amount equal to 3 percent of~~
26 ~~the anticipated annual revenue to the State of Nevada from the~~
27 ~~settlement agreements with and civil actions against manufacturers~~
28 ~~of tobacco products anticipated for deposit in the Trust Fund; or~~

29 ~~—(c) In any other manner which assists the residents of this state~~
30 ~~to attain postsecondary education.]~~

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



