

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 546

A bill to amend 2000 PA 161, entitled
"Michigan education savings program act,"
(MCL 390.1471 to 390.1486) by adding sections 23, 24, and 25.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 23. (1) BEGINNING WITH THE SCHOOL YEAR THAT STARTS 1 YEAR
2 AFTER THE EFFECTIVE DATE OF THIS PART, PARENTS MAY OPEN AN ACCOUNT
3 FOR EACH DEPENDENT WHO IS A STUDENT TO ALLOW FOR THE ENROLLMENT IN
4 AND PAYMENT FOR ELIGIBLE SERVICES OFFERED BY A PUBLIC SCHOOL OR ANY
5 OTHER ORGANIZATION FOR THAT STUDENT AND TO PAY FOR POSTSECONDARY
6 EDUCATION EXPENSES. A PARENT SHALL OPEN ONLY 1 ACCOUNT FOR EACH
7 DEPENDENT.

8 (2) TO OPEN AN ACCOUNT, THE PARENT SHALL ENTER INTO A PROGRAM
9 AGREEMENT WITH THE PROGRAM. THE PROGRAM AGREEMENT SHALL BE IN THE
10 FORM PRESCRIBED BY A PROGRAM MANAGER AND APPROVED BY THE TREASURER
11 AND CONTAIN ALL OF THE FOLLOWING:

1 (A) THE NAME, ADDRESS, AND SOCIAL SECURITY NUMBER OF THE
2 PARENT.

3 (B) THE NAME, ADDRESS, AND SOCIAL SECURITY NUMBER OF THE
4 STUDENT.

5 (C) ANY OTHER INFORMATION THAT THE TREASURER OR PROGRAM
6 MANAGER CONSIDERS NECESSARY FOR THE ENROLLMENT OF THE STUDENT AND
7 RELATED TO THE ELIGIBLE SERVICES.

8 (3) ANY INDIVIDUAL OR ENTITY MAY MAKE CONTRIBUTIONS TO AN
9 ACCOUNT. ANY CONTRIBUTIONS TO AN ACCOUNT MUST BE MADE IN CASH, BY
10 CHECK, BY CREDIT CARD, OR BY ANY SIMILAR METHOD AS APPROVED BY THE
11 STATE TREASURER BUT SHALL NOT BE PROPERTY.

12 (4) AN ACCOUNT OWNER IS RESPONSIBLE FOR THE PAYMENT OF
13 ELIGIBLE SERVICES AND ANY POSTSECONDARY EDUCATION EXPENSES.
14 DISTRIBUTIONS FROM AN ACCOUNT TO PAY FOR ELIGIBLE SERVICES SHALL BE
15 PAID DIRECTLY TO THE PUBLIC SCHOOL OR THE ORGANIZATION IN WHICH THE
16 ELIGIBLE SERVICES ARE TO BE PROVIDED. DISTRIBUTIONS FROM AN ACCOUNT
17 TO PAY FOR POSTSECONDARY EDUCATION EXPENSES MAY BE PAID TO THE
18 ACCOUNT OWNER OR TO THE INSTITUTION PROVIDING THE POSTSECONDARY
19 EDUCATION. PAYMENTS MAY BE MADE ELECTRONICALLY.

20 (5) EACH SAVINGS PLAN UNDER THE PROGRAM SHALL PROVIDE SEPARATE
21 ACCOUNTING FOR EACH STUDENT.

22 (6) THE DEPARTMENT OR THE DEPARTMENT OF EDUCATION SHALL NOT
23 IMPOSE ANY ADDITIONAL REQUIREMENTS ON AN ACCOUNT OWNER OTHER THAN
24 THOSE ESTABLISHED UNDER THE PROGRAM AGREEMENT AND THIS PART.

25 SEC. 24. (1) UPON GRADUATION FROM A PUBLIC SCHOOL, AN ACCOUNT
26 OWNER MAY TRANSFER FUNDS BACK TO THE ENHANCED MICHIGAN EDUCATION
27 SAVINGS PROGRAM FUND OR UTILIZE THE REMAINING FUNDS TO PAY FOR

1 POSTSECONDARY EDUCATION EXPENSES.

2 (2) UPON THE DEATH OF THE STUDENT, THE ACCOUNT SHALL BE CLOSED
3 AND MONEY IN THE ACCOUNT SHALL BE TRANSFERRED BACK TO THE ACCOUNT
4 OWNER OR, UPON WRITTEN REQUEST OF THE ACCOUNT OWNER, THAT MONEY MAY
5 BE DEPOSITED INTO THE ENHANCED MICHIGAN EDUCATION SAVINGS PROGRAM
6 FUND.

7 SEC. 25. (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, AN
8 ACCOUNT OWNER SHALL NOT DIRECT THE INVESTMENT OF ANY CONTRIBUTIONS
9 TO AN ACCOUNT OR THE EARNINGS ON AN ACCOUNT.

10 (2) AN ACCOUNT OWNER MAY SELECT AMONG DIFFERENT INVESTMENT
11 STRATEGIES DESIGNED BY A PROGRAM MANAGER TO THE EXTENT ALLOWED
12 UNDER THIS PART.

13 (3) THE PROGRAM MAY ALLOW BOARD MEMBERS OR EMPLOYEES OF THE
14 PROGRAM, OR THE BOARD MEMBERS OR EMPLOYEES OF A CONTRACTOR HIRED BY
15 THE PROGRAM TO PERFORM ADMINISTRATIVE SERVICES, TO MAKE
16 CONTRIBUTIONS TO AN ACCOUNT.

17 (4) AN INTEREST IN AN ACCOUNT SHALL NOT BE USED BY AN ACCOUNT
18 OWNER AS SECURITY FOR A LOAN. ANY PLEDGE OF AN INTEREST IN AN
19 ACCOUNT HAS NO FORCE OR EFFECT.

20 Enacting section 1. This amendatory act does not take effect
21 unless Senate Bill No. 544 of the 99th Legislature is enacted into
22 law.