

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

1 AND CONTAIN ALL OF THE FOLLOWING:

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

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

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

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

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

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

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

27 (2) UPON THE DEATH OF THE STUDENT, THE ACCOUNT SHALL BE CLOSED

1 AND THAT PORTION OF THE MONEY IN THE ACCOUNT THAT WAS DEPOSITED  
2 PURSUANT TO SECTION 23 SHALL BE TRANSFERRED BACK INTO THE ENHANCED  
3 MICHIGAN EDUCATION SAVINGS PROGRAM FUND.

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

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

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

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

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