

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

1 FORM PRESCRIBED BY A PROGRAM MANAGER AND APPROVED BY THE TREASURER
2 AND CONTAIN ALL OF THE FOLLOWING:

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

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

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

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

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

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

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

27 SEC. 24. (1) UPON GRADUATION FROM A PUBLIC SCHOOL, AN ACCOUNT

1 OWNER MAY TRANSFER FUNDS BACK TO THE ENHANCED MICHIGAN EDUCATION
2 SAVINGS PROGRAM FUND OR UTILIZE THE REMAINING FUNDS TO PAY FOR
3 POSTSECONDARY EDUCATION EXPENSES.

4 (2) UPON THE DEATH OF THE STUDENT, THE ACCOUNT SHALL BE CLOSED
5 AND THAT PORTION OF THE MONEY IN THE ACCOUNT THAT WAS DEPOSITED
6 PURSUANT TO SECTION 23 SHALL BE TRANSFERRED BACK INTO THE ENHANCED
7 MICHIGAN EDUCATION SAVINGS PROGRAM FUND.

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

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

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

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

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