## MAINE STATE LEGISLATURE

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# 120th MAINE LEGISLATURE

## **FIRST REGULAR SESSION-2001**

Legislative Document

No. 1757

S.P. 579

In Senate, March 28, 2001

An Act to Encourage Savings for Higher Education.

Reference to the Committee on Education and Cultural Affairs suggested and ordered printed.

JOY J. O'BRIEN Secretary of the Senate

Presented by Senator PENDLETON of Cumberland. (GOVERNOR'S BILL). Cosponsored by Speaker SAXL of Portland and President Pro Tem BENNETT of Oxford, Senators: CATHCART of Penobscot, MITCHELL of Penobscot, SHOREY of Washington, Representatives: BLISS of South Portland, CLOUGH of Scarborough, RICHARDSON of Brunswick, TUTTLE of Sanford.

### Be it enacted by the People of the State of Maine as follows:

- Sec. 1. 20-A MRSA §11473, sub-§3, as enacted by PL 1997, c. 732, §4, is amended to read:
- Application of program fund. Money in the program fund 6 may be applied to carry out any power of the authority under or in connection with this chapter. All money in the program fund R must be continuously applied by the authority to carry out this 10 chapter and for no other purpose. Assets of the program fund must at all times be preserved, invested and expended only for the purposes of the program and must be held for the benefit of 12 the participants and beneficiaries, including the refunding of 14 fees paid by participants or any class of participants, the matching of contributions made by participants or any class of participants or the use of funds to provide scholarships to 16 program account beneficiaries who attend institutions of higher education in the State. Assets may not be transferred or used by 18 the State or the authority for any purposes other than the 20 purposes of the program. All amounts in the program fund, except for contributions and program earnings that have been credited to authority 22 account, may be used by the to pay administrative costs of the program and program fund, determined by the authority. 24
  - Sec. 2. 20-A MRSA §11475, sub-§3, as enacted by PL 1997, c. 732, §4, is amended to read:
  - 3. Designation of beneficiaries. -A- Except for accounts opened by a state or local governmental entity or charitable organization, an application or participation agreement must designate the name and date of birth of the beneficiary. --A beneficiary--designated--in--a--participation--agreement--may--be designated-frem-date-of-birth-to-an-age-the-authority-may-require by-rule-

Sec. 3. 20-A MRSA §11478, sub-§3-A is enacted to read:

3-A. Successor participants. A participant may designate another person as successor owner of the account in the event of the death or disability of the participant.

#### 44 SUMMARY

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- This bill makes the following changes to the laws governing the Maine College Savings Program.
- 1. It clarifies that money in the Maine College Savings
  50 Program Fund may be used by the Finance Authority of Maine to

provide refunds of administrative fees paid by program participants to any class of participants, to provide matching grants to encourage savings for higher education to any class of participants and to provide scholarship funds for individuals attending institutions of higher education in the State.

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- 2. It clarifies that, if an account is opened by an entity that is not required by the Internal Revenue Code to designate a beneficiary, that participant is not required to designate a beneficiary when opening an account.
- 3. It clarifies that an individual participant may designate a successor participant to become owner of the account on the death or disability of the current participant.