



Sen. Laura Ellman

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LRB102 05025 RJF 24315 a

1 AMENDMENT TO SENATE BILL 1179

2 AMENDMENT NO. _____. Amend Senate Bill 1179 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The State Treasurer Act is amended by changing
5 Section 16.5 as follows:

6 (15 ILCS 505/16.5)

7 Sec. 16.5. College Savings Pool.

8 (a) Definitions. As used in this Section:

9 "Account owner" means any person or entity who has opened
10 an account or to whom ownership of an account has been
11 transferred, as allowed by the Internal Revenue Code, and who
12 has authority to withdraw funds, direct withdrawal of funds,
13 change the designated beneficiary, or otherwise exercise
14 control over an account in the College Savings Pool.

15 "Donor" means any person or entity who makes contributions
16 to an account in the College Savings Pool.

1 "Designated beneficiary" means any individual designated
2 as the beneficiary of an account in the College Savings Pool by
3 an account owner. A designated beneficiary must have a valid
4 social security number or taxpayer identification number. In
5 the case of an account established as part of a scholarship
6 program permitted under Section 529 of the Internal Revenue
7 Code, the designated beneficiary is any individual receiving
8 benefits accumulated in the account as a scholarship.

9 "Eligible educational institution" means public and
10 private colleges, junior colleges, graduate schools, and
11 certain vocational institutions that are described in Section
12 1001 of the Higher Education Resource and Student Assistance
13 Chapter of Title 20 of the United States Code (20 U.S.C. 1001)
14 and that are eligible to participate in Department of
15 Education student aid programs.

16 "Member of the family" has the same meaning ascribed to
17 that term under Section 529 of the Internal Revenue Code.

18 "Nonqualified withdrawal" means a distribution from an
19 account other than a distribution that (i) is used for the
20 qualified expenses of the designated beneficiary; (ii) results
21 from the beneficiary's death or disability; (iii) is a
22 rollover to another account in the College Savings Pool; or
23 (iv) is a rollover to an ABLE account, as defined in Section
24 16.6 of this Act, or any distribution that, within 60 days
25 after such distribution, is transferred to an ABLE account of
26 the designated beneficiary or a member of the family of the

1 designated beneficiary to the extent that the distribution,
2 when added to all other contributions made to the ABLE account
3 for the taxable year, does not exceed the limitation under
4 Section 529A(b) of the Internal Revenue Code.

5 ~~"Program manager" means any financial institution or~~
6 ~~entity lawfully doing business in the State of Illinois~~
7 ~~selected by the State Treasurer to oversee the recordkeeping,~~
8 ~~custody, customer service, investment management, and~~
9 ~~marketing for one or more of the programs in the College~~
10 ~~Savings Pool.~~

11 "Qualified expenses" means: (i) tuition, fees, and the
12 costs of books, supplies, and equipment required for
13 enrollment or attendance at an eligible educational
14 institution; (ii) expenses for special needs services, in the
15 case of a special needs beneficiary, which are incurred in
16 connection with such enrollment or attendance; (iii) certain
17 expenses, to the extent they qualify as qualified higher
18 education expenses under Section 529 of the Internal Revenue
19 Code, for the purchase of computer or peripheral equipment, ~~as~~
20 ~~defined in Section 168 of the federal Internal Revenue Code~~
21 ~~(26 U.S.C. 168), computer software, as defined in Section 197~~
22 ~~of the federal Internal Revenue Code (26 U.S.C. 197), or~~
23 Internet access and related services, if such equipment,
24 software, or services are to be used primarily by the
25 beneficiary during any of the years the beneficiary is
26 enrolled at an eligible educational institution, except that,

1 such expenses shall not include expenses for computer software
2 designed for sports, games, or hobbies, unless the software is
3 predominantly educational in nature; ~~and~~ (iv) room and board
4 expenses incurred while attending an eligible educational
5 institution at least half-time; (v) expenses for fees, books,
6 supplies, and equipment required for the participation of a
7 designated beneficiary in an apprenticeship program registered
8 and certified with the Secretary of Labor under the National
9 Apprenticeship Act (29 U.S.C. 50); and (vi) amounts paid as
10 principal or interest on any qualified education loan of the
11 designated beneficiary or a sibling of the designated
12 beneficiary, as allowed under Section 529 of the Internal
13 Revenue Code. ~~"Eligible educational institutions", as used in~~
14 ~~this Section, means public and private colleges, junior~~
15 ~~colleges, graduate schools, and certain vocational~~
16 ~~institutions that are described in Section 1001 of the Higher~~
17 ~~Education Resource and Student Assistance Chapter of Title 20~~
18 ~~of the United States Code (20 U.S.C. 1001) and that are~~
19 ~~eligible to participate in Department of Education student aid~~
20 ~~programs.~~ A student shall be considered to be enrolled at
21 least half-time if the student is enrolled for at least half
22 the full-time academic workload for the course of study the
23 student is pursuing as determined under the standards of the
24 institution at which the student is enrolled.

25 (b) Establishment of the Pool. The State Treasurer may
26 establish and administer the College Savings Pool as a

1 qualified tuition program under Section 529 of the Internal
2 Revenue Code. The Pool may consist of one or more college
3 savings programs. The State Treasurer, in administering the
4 College Savings Pool, may: (1) receive, hold, and invest
5 moneys paid into the Pool; and (2) perform any other action he
6 or she deems necessary to administer the Pool, including any
7 ~~such other actions as are~~ necessary to ensure that the Pool
8 operates as a qualified tuition program in accordance with
9 Section 529 of the Internal Revenue Code.

10 (c) Administration of the College Savings Pool. The State
11 Treasurer may delegate duties related to the College Savings
12 Pool to engage one or more contractors ~~financial institutions~~
13 ~~to handle the overall administration, investment management,~~
14 ~~recordkeeping, and marketing of the programs in the College~~
15 ~~Savings Pool.~~ The contributions deposited in the Pool, and any
16 earnings thereon, shall not constitute property of the State
17 or be commingled with State funds and the State shall have no
18 claim to or against, or interest in, such funds; provided that
19 the fees collected by the State Treasurer in accordance with
20 this Act, scholarship programs administered by the State
21 Treasurer, and seed funds deposited by the State Treasurer
22 under Section 16.8 of the Act are State funds ~~State Treasurer~~
23 ~~may collect fees in accordance with this Act.~~

24 (c-5) College Savings Pool Account Summaries. The State
25 Treasurer shall provide a separate accounting for each
26 designated beneficiary. The separate accounting shall be

1 provided to the account owner of the account for the
2 designated beneficiary at least annually and shall show the
3 account balance, the investment in the account, the investment
4 earnings, and the distributions from the account.

5 (d) Availability of the College Savings Pool. The State
6 Treasurer may permit persons, including trustees of trusts and
7 custodians under a Uniform Transfers to Minors Act or Uniform
8 Gifts to Minors Act account, and certain legal entities to be
9 account owners, including as part of a scholarship program,
10 provided that: (1) an individual, trustee or custodian must
11 have a valid social security number or taxpayer identification
12 number, be at least 18 years of age, and have a valid United
13 States street address; and (2) a legal entity must have a valid
14 taxpayer identification number and a valid United States
15 street address. In-state ~~Both in-state~~ and out-of-state
16 persons, trustees, custodians, and legal entities may be
17 account owners and donors, and both in-state and out-of-state
18 individuals may be designated beneficiaries in the College
19 Savings Pool.

20 (e) Fees. Any fees, costs, and expenses, including
21 investment fees and expenses and payments to third parties,
22 related to the College Savings Pool, shall be paid from the
23 assets of the College Savings Pool. The State Treasurer shall
24 establish fees to be imposed on accounts to cover such fees,
25 costs, and expenses, to the extent not paid directly out of the
26 investments of the College Savings Pool, and to maintain an

1 adequate reserve fund in line with industry standards for
2 government operated funds ~~the costs of administration,~~
3 ~~recordkeeping, and investment management.~~ The Treasurer must
4 use his or her best efforts to keep these fees as low as
5 possible and consistent with administration of high quality
6 competitive college savings programs. ~~Administrative fees,~~
7 ~~costs, and expenses, including investment fees and expenses,~~
8 ~~shall be paid from the assets of the College Savings Pool.~~

9 (f) Investments in the State. To enhance the safety and
10 liquidity of the College Savings Pool, to ensure the
11 diversification of the investment portfolio of the College
12 Savings Pool, and in an effort to keep investment dollars in
13 the State of Illinois, the State Treasurer may make a
14 percentage of each account available for investment in
15 participating financial institutions doing business in the
16 State.

17 (g) Investment policy. The Treasurer shall develop,
18 publish, and implement an investment policy covering the
19 investment of the moneys in each of the programs in the College
20 Savings Pool. The policy shall be published each year as part
21 of the audit of the College Savings Pool by the Auditor
22 General, which shall be distributed to all account owners in
23 such program. The Treasurer shall notify all account owners in
24 such program in writing, and the Treasurer shall publish in a
25 newspaper of general circulation in both Chicago and
26 Springfield, any changes to the previously published

1 investment policy at least 30 calendar days before
2 implementing the policy. Any investment policy adopted by the
3 Treasurer shall be reviewed and updated if necessary within 90
4 days following the date that the State Treasurer takes office.

5 (h) Investment restrictions. An account owner may,
6 directly or indirectly, direct the investment of his or her
7 account of any contributions to the College Savings Pool (or
8 any earnings thereon) only as provided in Section 529(b) (4) of
9 the Internal Revenue Code. Donors and designated
10 beneficiaries, in those capacities, may not, directly or
11 indirectly, direct the investment of an account any
12 contributions to the Pool (or any earnings thereon).

13 (i) Distributions. Distributions from an account in the
14 College Savings Pool may be used for the designated
15 beneficiary's qualified expenses, and if not used in that
16 manner, may be considered a nonqualified withdrawal. Funds
17 contained in a College Savings Pool account may be rolled over
18 into an eligible ABLE account, as defined in Section 16.6 of
19 this Act, or another qualified tuition program, to the extent
20 permitted by Section 529 of the Internal Revenue Code.

21 Distributions made from the College Savings Pool may be
22 made directly to the eligible educational institution,
23 directly to a vendor, in the form of a check payable to both
24 the designated beneficiary and the institution or vendor,
25 directly to the designated beneficiary or account owner, or in
26 any other manner that is permissible under Section 529 of the

1 Internal Revenue Code.

2 (j) Contributions. Contributions to the College Savings
3 Pool shall be as follows:

4 (1) Contributions to an account in the College Savings
5 Pool may be made only in cash.

6 (2) The Treasurer shall limit the contributions that
7 may be made to the College Savings Pool on behalf of a
8 designated beneficiary, as required under Section 529 of
9 the Internal Revenue Code, to prevent contributions for
10 the benefit of a designated beneficiary in excess of those
11 necessary to provide for the qualified expenses of the
12 designated beneficiary. The Pool shall not permit any
13 additional contributions to an account as soon as the sum
14 of (i) the aggregate balance in all accounts in the Pool
15 for the designated beneficiary and (ii) the aggregate
16 contributions in the Illinois Prepaid Tuition Program for
17 the designated beneficiary reaches the specified balance
18 limit established from time to time by the Treasurer. ~~in~~
19 ~~the Pool reach a specified account balance limit~~
20 ~~applicable to all designated beneficiaries.~~

21 ~~(3) The contributions made on behalf of a designated~~
22 ~~beneficiary who is also a beneficiary under the Illinois~~
23 ~~Prepaid Tuition Program shall be further restricted to~~
24 ~~ensure that the contributions in both programs combined do~~
25 ~~not exceed the limit established for the College Savings~~
26 ~~Pool.~~

1 (k) Illinois Student Assistance Commission. The Treasurer
2 and the Illinois Student Assistance Commission shall each
3 cooperate in providing each other with account information, as
4 necessary, to prevent contributions in excess of those
5 necessary to provide for the qualified expenses of the
6 designated beneficiary, as described in subsection (j) shall
7 ~~provide the Illinois Student Assistance Commission each year~~
8 ~~at a time designated by the Commission, an electronic report~~
9 ~~of all account owner accounts in the Treasurer's College~~
10 ~~Savings Pool, listing total contributions and disbursements~~
11 ~~from each individual account during the previous calendar~~
12 ~~year. As soon thereafter as is possible following receipt of~~
13 ~~the Treasurer's report, the Illinois Student Assistance~~
14 ~~Commission shall, in turn, provide the Treasurer with an~~
15 ~~electronic report listing those College Savings Pool account~~
16 ~~owners who also participate in the Illinois Prepaid Tuition~~
17 ~~Program, administered by the Commission.~~

18 The Treasurer shall work with the Illinois Student
19 Assistance Commission to coordinate the marketing of the
20 College Savings Pool and the Illinois Prepaid Tuition Program
21 when considered beneficial by the Treasurer and the Director
22 of the Illinois Student Assistance Commission.

23 (1) Prohibition; exemption. No interest in the program, or
24 any portion thereof, may be used as security for a loan. Moneys
25 held in an account invested in the College Savings Pool shall
26 be exempt from all claims of the creditors of the account

1 owner, donor, or designated beneficiary of that account,
2 except for the non-exempt College Savings Pool transfers to or
3 from the account as defined under subsection (j) of Section
4 12-1001 of the Code of Civil Procedure.

5 (m) Taxation. The assets of the College Savings Pool and
6 its income and operation shall be exempt from all taxation by
7 the State of Illinois and any of its subdivisions. The accrued
8 earnings on investments in the Pool once disbursed on behalf
9 of a designated beneficiary shall be similarly exempt from all
10 taxation by the State of Illinois and its subdivisions, so
11 long as they are used for qualified expenses. Contributions to
12 a College Savings Pool account during the taxable year may be
13 deducted from adjusted gross income as provided in Section 203
14 of the Illinois Income Tax Act. The provisions of this
15 paragraph are exempt from Section 250 of the Illinois Income
16 Tax Act.

17 (n) Rules. The Treasurer shall adopt rules he or she
18 considers necessary for the efficient administration of the
19 College Savings Pool. The rules shall provide whatever
20 additional parameters and restrictions are necessary to ensure
21 that the College Savings Pool meets all the requirements for a
22 qualified tuition program under Section 529 of the Internal
23 Revenue Code.

24 ~~The rules shall require the maintenance of records that~~
25 ~~enable the Treasurer's office to produce a report for each~~
26 ~~account in the Pool at least annually that documents the~~

1 ~~account balance and investment earnings.~~

2 Notice of any proposed amendments to the rules and
3 regulations shall be provided to all account owners prior to
4 adoption.

5 (o) Bond. The State Treasurer shall give bond with at
6 least one surety, payable to and for the benefit of the account
7 owners in the College Savings Pool, in the penal sum of
8 \$10,000,000, conditioned upon the faithful discharge of his or
9 her duties in relation to the College Savings Pool.

10 (p) The changes made to subsections (c) and (e) of this
11 Section by Public Act 101-26 ~~this amendatory Act of the 101st~~
12 ~~General Assembly~~ are intended to be a restatement and
13 clarification of existing law.

14 (Source: P.A. 100-161, eff. 8-18-17; 100-863, eff. 8-14-18;
15 100-905, eff. 8-17-18; 101-26, eff. 6-21-19; 101-81, eff.
16 7-12-19.)

17 Section 99. Effective date. This Act takes effect upon
18 becoming law."