

1 HB469
2 210623-1
3 By Representative Whitt
4 RFD: Financial Services
5 First Read: 25-FEB-21

SYNOPSIS: This bill would revise the names of the ACES Program, Administrative Fund, and savings accounts within the State Treasurer's office, as provided by the Wallace-Folsom Savings Investment Plan Act, from the Alabama College Education Savings to the Alabama Comprehensive Education Savings Program, Administrative Fund, and savings accounts, and would clarify that certain terms should be defined as provided in federal law.

A BILL
TO BE ENTITLED
AN ACT

To amend Sections 16-33C-3 and 16-33C-10, Code of Alabama 1975, relating to the Wallace-Folsom Savings Investment Plan Act; to revise the names of the ACES Program, Administrative Fund, and savings accounts from the Alabama College Education Savings to the Alabama Comprehensive Education Savings Program, Administrative Fund, and savings

1 accounts; and to clarify the meanings of certain terms
2 pursuant to federal law.

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

4 Section 1. Sections 16-33C-3 and 16-33C-10 of the
5 Code of Alabama 1975, are amended to read as follows:

6 "§16-33C-3.

7 "The following terms as used in this chapter shall
8 have the meanings ascribed to them, unless the context clearly
9 indicates otherwise:

10 "(1) ABLE PROGRAM. The Achieving a Better Life
11 Experience Program established pursuant to this chapter and
12 defined in Section 529A of the Internal Revenue Code of 1986,
13 as amended, or other applicable federal law, to assist
14 individuals and families to save private funds to support
15 individuals with disabilities to maintain health,
16 independence, and quality of life.

17 "(2) ABLE SAVINGS ACCOUNT. An individual ABLE trust
18 fund account established by a contributor pursuant to this
19 chapter to apply distributions from the account toward
20 qualified disability expenses for an eligible designated
21 beneficiary, both terms as defined in Section 529A of the
22 Internal Revenue Code of 1986, as amended, or other applicable
23 federal law.

24 "(3) ABLE TRUST FUND. The fiduciary trust fund
25 established pursuant to this chapter comprised of separate and
26 segregated ABLE savings accounts as established by savings
27 agreements.

1 "(4) ACES ADMINISTRATIVE FUND. The ACES
2 Administrative Fund created in Section 16-33C-10.

3 "(5) ACES PROGRAM. The Alabama ~~College~~ Comprehensive
4 Education Savings Program, a qualified tuition program
5 established pursuant to this chapter and as defined in Section
6 529 of the Internal Revenue Code of 1986, as amended, or other
7 applicable federal law, to assist individuals and families to
8 save funds for the purpose of meeting the qualified higher
9 education expenses of the designated beneficiary, as those
10 terms are defined and used in Section 529 of the Internal
11 Revenue Code of 1986, as amended, or other applicable federal
12 law.

13 "(6) ACES SAVINGS ACCOUNT. An individual ACES
14 account held in the ACES Trust Fund established by a
15 contributor pursuant to this chapter in order to apply
16 distributions from the account toward qualified higher
17 education expenses ~~at eligible educational institutions~~ for an
18 eligible designated beneficiary, ~~with~~ as those terms ~~as~~ are
19 defined in Section 529 of the Internal Revenue Code of 1986,
20 as amended, or other applicable federal law.

21 "(7) ACES TRUST FUND. The fiduciary trust fund
22 created in Section 16-33C-10.

23 "(8) CONTRIBUTOR. Any person who contributes money
24 to an ACES Program savings account or an ABLE Program savings
25 account established pursuant to this chapter on behalf of a
26 designated beneficiary and who is listed as the owner of the
27 savings account.

1 "(9) DESIGNATED BENEFICIARY. The eligible individual
2 named as the beneficiary of an ABLE savings account, ACES
3 savings account, or PACT contract established pursuant to this
4 chapter.

5 "(10) LEGISLATURE. The Legislature of Alabama.

6 "(11) PACT ADMINISTRATIVE FUND. The PACT
7 Administrative Fund created in subsection (c) of Section
8 16-33C-6.

9 "(12) PACT BOARD. The board of directors and
10 trustees of the PACT Trust Fund.

11 "(13) PACT CONTRACT. A contract entered into by the
12 board and a participant in the PACT Program.

13 "(14) PACT PROGRAM. The Alabama Prepaid Affordable
14 College Tuition Program created in subsection (a) of Section
15 16-33C-6.

16 "(15) PACT TRUST FUND. The fiduciary trust fund
17 created in subsection (b) of Section 16-33C-6.

18 "(16) PLAN. The Wallace-Folsom Savings Investment
19 Plan established pursuant to this chapter that consists of the
20 PACT Program, the ACES Program, and the ABLE Program.

21 "(17) PURCHASER. A person who is obligated to make
22 contract payments in accordance with a PACT contract entered
23 into pursuant to this chapter.

24 "(18) SAVINGS AGREEMENT. An agreement entered into
25 between the Savings Board and a contributor establishing an
26 ACES or ABLE savings account.

1 "(19) SAVINGS BOARD. The Board of Directors of the
2 ABLE Program and ACES Program, and trustees of the ABLE Trust
3 Fund and ACES Trust Fund.

4 "(20) STATE TREASURER. The State Treasurer of
5 Alabama.

6 "§16-33C-10.

7 "(a) The ACES Program is established as one ~~college~~
8 savings alternative under the plan whereby contributors open
9 ACES savings accounts according to savings agreements for the
10 payment of qualified higher education ~~costs~~ expenses for a
11 designated beneficiary ~~at eligible educational institutions,~~
12 as those terms ~~as~~ are defined or used in Section 529 of the
13 Internal Revenue Code of 1986, as amended, or other applicable
14 federal law. The ACES Program includes the ACES Trust Fund,
15 the ACES Administrative Fund, and the ACES Opportunity
16 Enhancement Fund created pursuant to this chapter. The ACES
17 Program may be marketed under a different name than ACES.

18 "(b) The ACES Trust Fund is hereby created and shall
19 be comprised of separate ACES savings accounts held in
20 segregated accounts as established by savings agreements.
21 Funds contributed to the ACES savings accounts established
22 pursuant to the ACES Program are held in trust by the Savings
23 Board for the sole benefit of the contributor and designated
24 beneficiary. Contributions which are received by the ACES
25 Program from any public or private source, except those which
26 are payments of administrative fees, shall be placed in the
27 ACES Trust Fund.

1 "(c) The ACES Administrative Fund is hereby created
2 as a separate fund within the State Treasurer's office for the
3 purpose of administering the ACES Program. The ACES
4 Administrative Fund shall accept, deposit, and disburse funds
5 for the purpose of administering the ACES Program. All funds
6 in the ACES Administrative Fund are hereby irrevocably pledged
7 to the payment of the administrative costs of the ACES
8 Program. Funds in the ACES Administrative Fund may be invested
9 by the State Treasurer in any investment facility allowed by
10 this chapter. Any interest and earnings from the investment of
11 funds in the ACES Administrative Fund shall be deposited to,
12 and become a part of, the ACES Administrative Fund for use as
13 authorized by this chapter. All funds in the ACES
14 Administrative Fund at the end of each fiscal year of the
15 State of Alabama shall remain in that administrative fund and
16 be automatically carried forward and available to be
17 appropriated by the Alabama Legislature for the administration
18 of the ACES Program.

19 "(d) The State Treasurer is authorized to retain the
20 services of one or more persons as staff members in order to
21 implement and manage the ACES Program. Any expenses incurred
22 shall be paid from the ACES Administrative Fund.

23 "(e) Property and income of the ACES Trust Fund,
24 ACES Administrative Fund, and the ACES Opportunity Enhancement
25 Fund shall be exempt from all taxation by the state and by all
26 of its political subdivisions.

1 "(f) The ACES Opportunity Enhancement Fund is
2 created as a separate fund within the State Treasurer's office
3 for the purpose of enhancing and providing higher education
4 opportunities and programs, as the Savings Board deems
5 necessary and appropriate. The fund may receive contributions
6 from individuals, private business entities, public
7 corporations, and contractual agreements with service
8 providers. The funds shall be utilized in the discretion and
9 solely at the direction of the Savings Board. The amounts on
10 deposit in the fund shall not constitute property of the
11 state, and the state shall have no claim or interest in them."

12 Section 2. This act shall become effective on the
13 first day of the third month following its passage and
14 approval by the Governor, or its otherwise becoming law.