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By: Senators Miller, Kasemeyer, and Hogan

Introduced and read first time: February 5, 1999

Assigned to: Budget and Taxation and Economic and Environmental Affairs

A BILL ENTITLED

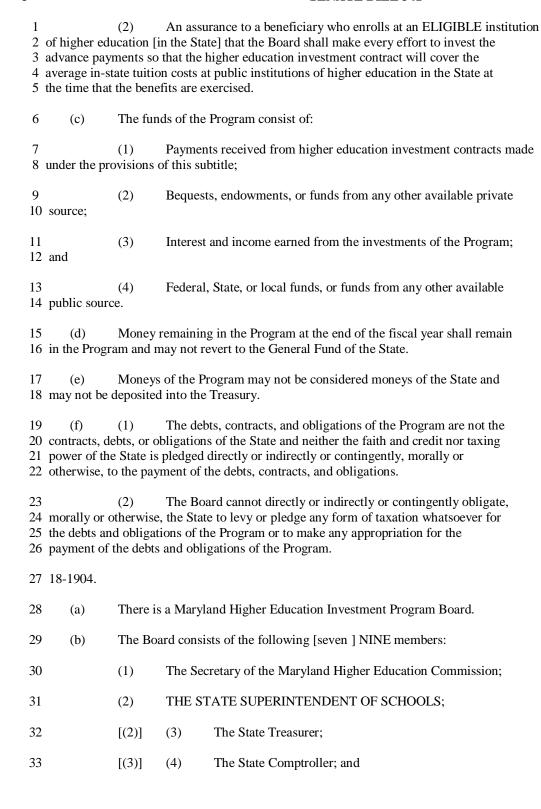
1 AN ACT concerning

## 2 Maryland Higher Education Investment Program - Revisions

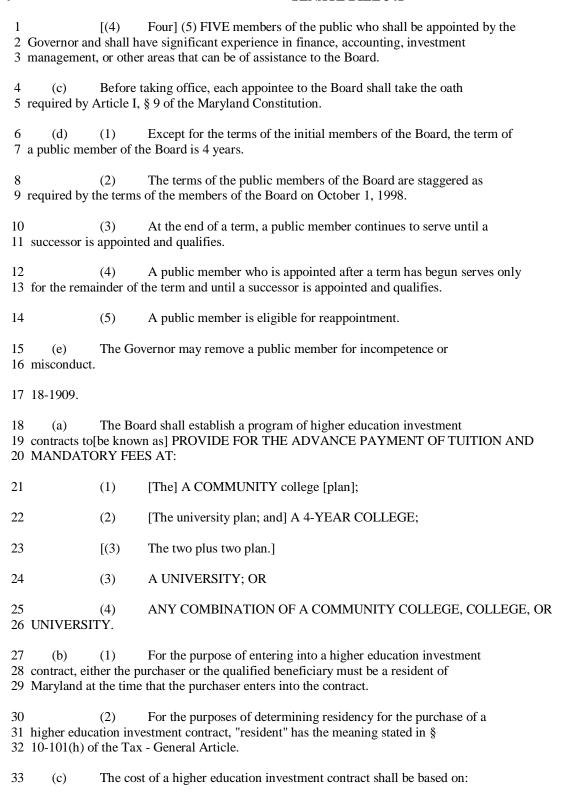
- 3 FOR the purpose of authorizing the use of contracts made under the Maryland Higher
- 4 Education Investment Program at any eligible institution of higher education;
- 5 altering the composition of the Maryland Higher Education Investment Board;
- 6 altering certain requirements relating to the administration of the Program;
- 7 defining certain terms; providing for the application of this Act; and generally
- 8 relating to the Maryland Higher Education Investment Program.
- 9 BY repealing and reenacting, with amendments,
- 10 Article Education
- 11 Section 18-1901
- 12 Annotated Code of Maryland
- 13 (1997 Replacement Volume and 1998 Supplement)
- 14 (As enacted by Chapter 110 of the Acts of the General Assembly of 1997)
- 15 BY repealing and reenacting, with amendments,
- 16 Article Education
- 17 Section 18-1902 through 18-1904, 18-1909, 18-1910, and 18-1914
- 18 Annotated Code of Maryland
- 19 (1997 Replacement Volume and 1998 Supplement)
- 20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
- 21 MARYLAND, That the Laws of Maryland read as follows:
- 22 Article Education
- 23 18-1901.
- 24 (a) In this subtitle the following words have the meanings indicated.
- 25 (b) "Board" means the Board of the Maryland Higher Education Investment
- 26 Program.

1 ["Program" means the Maryland Higher Education Investment Program.] (c) "ELIGIBLE INSTITUTION" MEANS AN INSTITUTION OF HIGHER EDUCATION THAT IS 3 ELIGIBLE TO PARTICIPATE IN FEDERAL FINANCIAL AID PROGRAMS. 4 "Higher education investment contract" means a contract between the 5 Board and a purchaser under the provisions of this subtitle for the advance payment of undergraduate tuition at a fixed and guaranteed level by the purchaser for a qualified beneficiary to attend an institution of higher education[ in the State], if the 8 qualified beneficiary is admitted to the institution. "PROGRAM" MEANS THE MARYLAND HIGHER EDUCATION INVESTMENT 9 (e) 10 PROGRAM. 11 (F) "Purchaser" means an individual who: 12 (1) Makes or undertakes the obligation to make advance payments of 13 undergraduate tuition as provided under a higher education investment contract; and 14 Except as provided in § 18-1909(b) of this subtitle, is a resident of (2)15 Maryland at the time that the purchaser enters into a higher education investment 16 contract. 17 "Qualified beneficiary" means an individual who: [(f)](G) 18 (1) Is eligible to apply advance tuition payments to undergraduate 19 tuition at an institution of higher education [in the State] under the provisions of 20 this subtitle; and 21 Except as provided in § 18-1909(b) of this subtitle, is a resident of the 22 State at the time that the purchaser enters into a higher education investment 23 contract. 24 "Tuition" means the charges imposed by an institution of higher [(g)]25 education [in the State] for enrollment at the institution and includes registration 26 and all fees required as a condition of enrollment. 27 18-1902. It is the intent of the General Assembly to enhance the accessibility and 28 29 affordability of higher education for all citizens of the State by establishing a method 30 to provide for the prepayment of tuition at ELIGIBLE institutions of higher education 31 [in the State]. 32 18-1903. 33 There is a Maryland Higher Education Investment Program. (a) 34 (b) The purpose of the Program is to provide: 35 A means for payment of the cost of tuition in advance of enrollment at (1) 36 [ any] AN ELIGIBLE institution of higher education [in the State]; and

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34 contract; and

1 (1)The average current in-state tuition costs at the time the contract is 2 purchased at public institutions of higher education in the State; The number of years expected to elapse between the purchase of a 4 higher education investment contract and the use of the benefits of the contract; and 5 (3) The projected tuition costs at the time that the benefits will be 6 exercised. Each higher education investment contract made under the provisions of 7 (d) 8 this subtitle shall include the following provisions: (1) The amount of each payment and the number of payments required 10 from a purchaser; 11 (2) The terms and conditions under which purchasers shall remit 12 payments, including the dates of the payments; 13 Provisions for late payment charges and defaults; (3) 14 Penalties for early withdrawal from the Program; (4) 15 (5) The amount and terms of any administrative fees that must be paid 16 by the purchaser or the beneficiary; 17 (6)The name and date of birth of the qualified beneficiary on whose 18 behalf the contract is made; 19 Terms and conditions for a substitution for the qualified beneficiary (7) 20 originally named; 21 (8) Terms and conditions for the termination of the contract; 22 The time period during which the qualified beneficiary may claim (9) 23 benefits from the Program; 24 (10)The maximum number of undergraduate semester hours that are 25 prepaid under the contract, based on in-state tuition at a public institution of higher 26 education in the State; 27 All other rights and obligations of the purchaser and the Program; (11)The following notice shall be printed on each contract in at least 28 (12)29 10-point type: This contract is not an obligation of the State and neither the faith and 30 credit nor taxing power of the State is pledged directly or indirectly or contingently, 31 morally or otherwise, to the payment of this contract. The Board cannot directly or

32 indirectly or contingently obligate, morally or otherwise, the State to levy or pledge 33 any form of taxation whatsoever or to make any appropriation for the payment of this

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1 2	appropriate. (13)	Any oth	er terms and conditions that the Board considers necessary or	
5 6	(e) The Board shall allow the conversion of an advance payment contract plan from [a community college plan to a two plus two plan or a university plan; from a university plan to a community college plan or a two plus two plan; or from a two plus two plan to a community college plan or a university plan] AN EXISTING PURCHASER'S PLAN TO ANY AVAILABLE PLAN.			
8	18-1910.			
9	(a) (1)	The Boa	ard shall issue refunds as specified in this section.	
	(2) Unless authorized under regulations of the Board or under subsection (b) of this section, a refund may not exceed the amount paid into the Program by the purchaser.			
	(b) A refund equal to the same benefits as provided by the contract, minus any amount paid out of the funds of the Program on behalf of the qualified beneficiary and for reasonable administrative charges, shall be made if the beneficiary:			
16 17	(1) Is awarded a scholarship OR TUITION REMISSION that covers benefits provided under the higher education investment contract; OR			
18 19 20	(2) Dies or suffers from a disability which prevents the beneficiary from attending an institution of higher education within the time allowed by this subtitle[; or			
21 22	(3) Maryland].	Attends	an institution of higher education not in the State of	
23 24	(c) (1) A discounted refund of the contributions made to the Program, as determined by the Board, shall be made if:			
25 26	education;	(i)	The beneficiary does not attend an institution of higher	
27 28	specified in the cont	(ii) ract; or	Benefits are not exercised under the contract within a time	
29		(iii)	The contract is canceled by the purchaser.	
32	(2) The time that a qualified beneficiary spends in active duty as a member of the United States armed forces shall be added to the time period allowed to exercise the benefits under a higher education investment contract before a termination under paragraph (1) of this subsection.			

- 1 18-1914.
- 2 (a) Nothing in this subtitle or in any higher education investment contract
- 3 may be construed as a promise or guarantee by the Board of admission to, continued
- 4 enrollment at, or graduation from an institution of higher education [in the State].
- 5 (b) The actual tuition rate charged to a qualified beneficiary shall be
- 6 determined at the time of enrollment in accordance with the residency policy adopted
- 7 by the governing board of the institution of higher education at which the qualified
- 8 beneficiary enrolls.
- 9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
- 10 construed retroactively and shall be applied to and interpreted to affect all higher
- 11 education contracts purchased prior to the effective date of this Act.
- 12 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
- 13 October 1, 1999.