

Department of Legislative Services

Maryland General Assembly

2002 Session

FISCAL NOTE

Revised

House Bill 826

(Chairman, Appropriations Committee)

(Departmental – Maryland Prepaid College Trust)

Appropriations

Budget and Taxation

College Savings Plans of Maryland

This departmental bill changes the name of the Maryland Higher Education Investment Board to the College Savings Plans of Maryland Board and establishes the title of College Savings Plans of Maryland for the programs that are administered by the board. The bill allows the board to submit a single annual report on both the Maryland Prepaid College Trust and the Maryland College Investment Plan. The bill also allows an ex officio member of the board to designate a staff member as a representative to the board. Other alterations are made to the trust and the plan in order to make the administration of the programs consistent.

The bill is effective July 1, 2002.

Fiscal Summary

State Effect: The bill would not directly affect governmental operations or finances.

Local Effect: None.

Small Business Effect: The Maryland Prepaid College Trust has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Current Law: The Maryland Higher Education Investment Board is composed of nine members: five members of the public appointed by the Governor plus the Secretary of Higher Education, the State Superintendent of Schools, the State Treasurer, and the State Comptroller. The board administers the Maryland Prepaid College Trust and the Maryland College Investment Plan.

The board, the Maryland Prepaid College Trust, and the prepaid contracts issued under the trust are not subject to the provisions of the Insurance Article. The name of a purchaser or a beneficiary of a college trust contract is confidential and may not be disclosed by a custodian of trust records. These provisions are not applied to the Maryland College Investment Plan.

The Maryland College Investment Plan must be administered by the board in accordance with Internal Revenue Service standards for qualified state tuition programs. The Maryland Prepaid College Trust is not subject to this provision.

Background: The Maryland Prepaid College Trust was established by Chapter 110 of 1997 (SB 232/HB 492), and the Maryland College Investment Plan was established by Chapter 494 of 2000 (SB 140/HB 11). The two programs were created to provide tax-free investment opportunities that can be used to pay higher education costs for designated beneficiaries. The Maryland Higher Education Investment Board was also established by Chapter 110 of 1997 to administer the trust. When the college investment plan was created, the board was given the responsibility of administering it too.

The alteration to the board's annual reporting requirements would give the board the option of submitting a single annual report for both of the programs it currently administers. Allowing ex officio board members to designate a staff member to represent them is suggested in recognition of the schedules of the ex officio members. The board advises that the establishment of a name that encompasses all of the programs operated by the board (i.e., the College Savings Plans of Maryland) would allow the board to market the programs jointly.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Prepaid College Trust, Maryland Higher Education Commission, Department of Legislative Services

Fiscal Note History: First Reader - March 8, 2002
lc/jr Revised - House Third Reader - April 6, 2002

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