Unofficial Copy F2 HB 826/02 - APP 2003 Regular Session 3lr0507 CF 3lr2178

| By: Delegate Leopold | |
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| Introduced and read first time: January 15, 2003 | |
| Assigned to: Appropriations | |
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| Committee Report: Favorable with amendments | |
| House action: Adopted | |
| | |
| Read second time: March 21, 2003 | |

CHAPTER____

1 AN ACT concerning

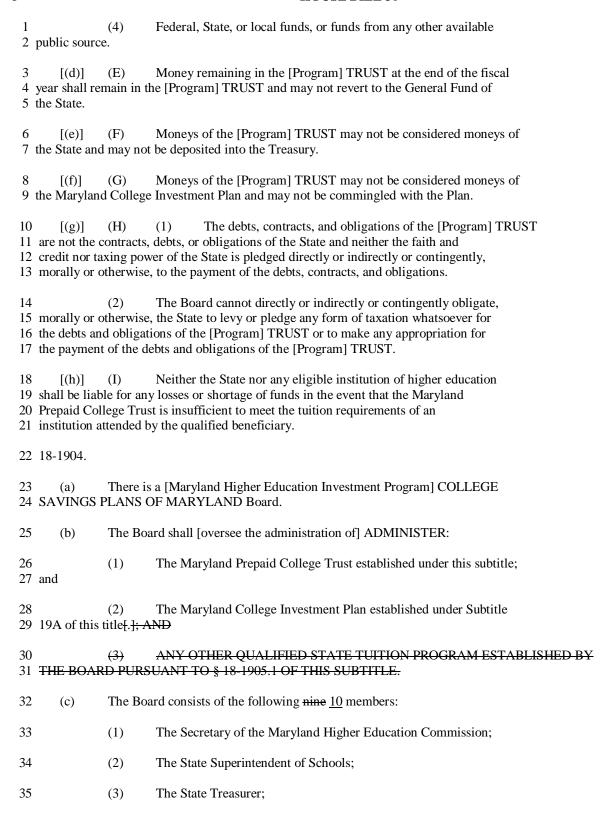
2 College Savings Plans of Maryland

- FOR the purpose of establishing the College Savings Plans of Maryland which include
- 4 certain existing tuition programs and certain additional State tuition programs
- 5 under certain circumstances; clarifying the purpose of the College Savings Plans
- of Maryland; changing the name of the Maryland Higher Education Investment
- 7 Board to the College Savings Plans of Maryland Board; altering the duties and
- 8 responsibilities of the Board; authorizing Board members to designate a
- 9 representative under certain circumstances; authorizing the Board to create
- 10 additional qualified State tuition programs under certain circumstances and
- subject to certain requirements adding a certain member to the Board; providing
- that the College Savings Plans, the Board, and investment accounts are not
- subject to certain provisions of law; requiring certain custodians to deny the
- 14 inspection of certain public records under certain circumstances; authorizing the
- inspection of certain public records; requiring certain disclosures; altering
- certain terms; clarifying certain definitions; providing for the application of this
- 17 Act; and generally relating to the College Savings Plans of Maryland.
- 18 BY repealing and reenacting, with amendments,
- 19 Article Education
- 20 Section 18-1901, 18-1903 through 18-1906.1, 18-1907 through 18-1913,
- 21 18-1916, 18-19A-01, 18-19A-02, 18-19A-04, 18-19A-05, and 18-19A-07
- 22 Annotated Code of Maryland
- 23 (2001 Replacement Volume and 2002 Supplement)
- 24 BY adding to
- 25 Article Education

| | HOUSE BILL 30 | | | | | | | |
|---------------------------|--|--|--|--|--|--|--|--|
| 1 2 3 | Section 18-1902.1, 18-1905.1, 18-19A-05.1, and 18-19A-06.1 Annotated Code of Maryland (2001 Replacement Volume and 2002 Supplement) | | | | | | | |
| 4 5 6 7 8 | BY repealing and reenacting, without amendments, Article - State Government Section 10-616(a) Annotated Code of Maryland (1999 Replacement Volume and 2002 Supplement) | | | | | | | |
| 9 10 11 12 13 | Section 10-616(n) Annotated Code of Maryland | | | | | | | |
| 14 15 16 17 | Chapter 494 of the Acts of the General Assembly of 2000 | | | | | | | |
| 18 19 20 21 | | | | | | | | |
| 22 23 | SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows: | | | | | | | |
| 24 | Article - Education | | | | | | | |
| 25 | 18-1901. | | | | | | | |
| 26 | (a) In this subtitle the following words have the meanings indicated. | | | | | | | |
| 27 28 | (b) "Board" means the [Maryland Higher Education Investment Board] COLLEGE SAVINGS PLANS OF MARYLAND BOARD. | | | | | | | |
| 29 30 | (c) "Current prepaid contract obligations" means the scheduled payments due for the next fiscal year under existing prepaid contracts. | | | | | | | |
| 31 32 | (d) "Eligible institution of higher education" means an institution of higher education that: | | | | | | | |
| 33 | (1) Offers an associate, bachelor, or graduate degree program; and | | | | | | | |
| 34 | (2) Is eligible to participate in federal financial aid programs. | | | | | | | |

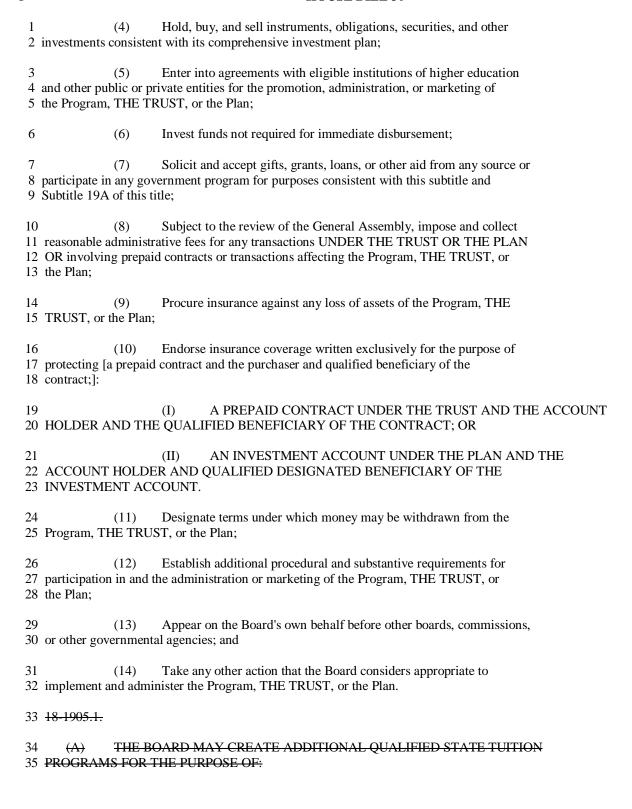
- 1 (e) "Prepaid contract" means a contract between the Board and [a purchaser]
- 2 AN ACCOUNT HOLDER under the provisions of this subtitle for the advance payment
- 3 of qualified higher education expenses by the [purchaser] ACCOUNT HOLDER for a
- 4 qualified beneficiary to attend an eligible institution of higher education, if the
- 5 qualified beneficiary is admitted to the institution.
- 6 (f) "Market value of program assets" means the amount of cash and cash
- 7 equivalents held by the [Program] TRUST plus the fair market value of other assets
- 8 of the [Program] TRUST.
- 9 (g) "Plan" means the Maryland College Investment Plan established under 10 Subtitle 19A of this title.
- 11 (h) "Program" means the [Maryland Prepaid College Trust established under
- 12 this subtitle] COLLEGE SAVINGS PLANS OF MARYLAND.
- 13 (i) ["Purchaser"] "ACCOUNT HOLDER" means an individual who:
- 14 (1) Makes or undertakes the obligation to make advance payments of
- 15 qualified higher education expenses as provided under a prepaid contract; and
- Except as provided in § 18-1909(b) of this subtitle, is a resident of
- 17 Maryland or of the District of Columbia at the time that the [purchaser] ACCOUNT
- 18 HOLDER enters into a prepaid contract.
- 19 (j) "Qualified beneficiary" means an individual who:
- 20 (1) Is eligible to apply advance payments of qualified higher education
- 21 expenses to undergraduate or graduate qualified higher education expenses at an
- 22 eligible institution of higher education under the provisions of this subtitle; and
- 23 (2) Except as provided in § 18-1909(b) of this subtitle, is a resident of the
- 24 State or of the District of Columbia at the time that the [purchaser] ACCOUNT
- 25 HOLDER enters into a prepaid contract.
- 26 (k) "Qualified higher education expenses" has the meaning stated in § 529(e)
- 27 of the Internal Revenue Code.
- 28 (1) "Qualified state tuition program" has the meaning stated in § 529 of the
- 29 Internal Revenue Code.
- 30 (m) "TRUST" MEANS THE MARYLAND PREPAID COLLEGE TRUST ESTABLISHED
- 31 UNDER THIS SUBTITLE.
- 32 (N) "Tuition" means the charges imposed by an eligible institution of higher
- 33 education for enrollment at the institution and includes registration and all fees
- 34 required as a condition of enrollment

| | | (1) "TUITION" MEANS THE ACTUAL TUITION AND MANDATORY FEES TO ALL STUDENTS BY AN ELIGIBLE INSTITUTION OF HIGHER EDUCATION DITION OF ENROLLMENT AT THE INSTITUTION. |
|----------|----------------------------|---|
| 6 7 | ACADEMIC | (2) "TUITION" DOES NOT INCLUDE ANY FEE THAT IS ASSESSED BY THE ON FOR A PARTICULAR COURSE TAKEN, YEAR OF ENROLLMENT, C STATUS, COURSE OF STUDY, RESIDENCY STATUS, OR ANY OTHER SHING FACTOR USED BY THE INSTITUTION TO DETERMINE A SPECIFIC |
| 9 | 18-1902.1. | |
| 10 11 | (A) MARYLAN | THERE IS A PROGRAM ENTITLED THE COLLEGE SAVINGS PLANS OF ID. |
| 14 15 | ADMINIST THE MARY | THE PURPOSE OF THE PROGRAM IS TO PROVIDE FOR THE RATION BY THE BOARD OF THE MARYLAND PREPAID COLLEGE TRUST AND YLAND COLLEGE INVESTMENT PLAN AND ANY OTHER QUALIFIED STATE PROGRAM ESTABLISHED BY THE BOARD IN ACCORDANCE WITH § 18-1905.1 UBTITLE. |
| 17 | 18-1903. | |
| 18 | (a) | There is a Maryland Prepaid College Trust. |
| 19 | (b) | The purpose of the [Program] TRUST is to provide: |
| 20 21 | an eligible i | (1) A means for payment of the cost of tuition in advance of enrollment at institution of higher education; and |
| 24 25 | payments so | (2) An assurance to a beneficiary who enrolls at an eligible institution of ation that the Board shall make every effort to invest the advance that the prepaid contract will cover the average in-State tuition costs at utions of higher education in the State at the time that the benefits are |
| | (c) INTERNAL PROGRAM | THE BOARD SHALL ADMINISTER THE TRUST IN COMPLIANCE WITH REVENUE SERVICE STANDARDS FOR QUALIFIED STATE TUITION IS. |
| 30 | (D) | The funds of the [Program] TRUST consist of: |
| 31 32 | of this subti | (1) Payments received from prepaid contracts made under the provisions tle; |
| 33 34 | source; | (2) Bequests, endowments, or funds from any other available private |
| 35 36 | TRUST; and | (3) Interest and income earned from the investments of the [Program] |



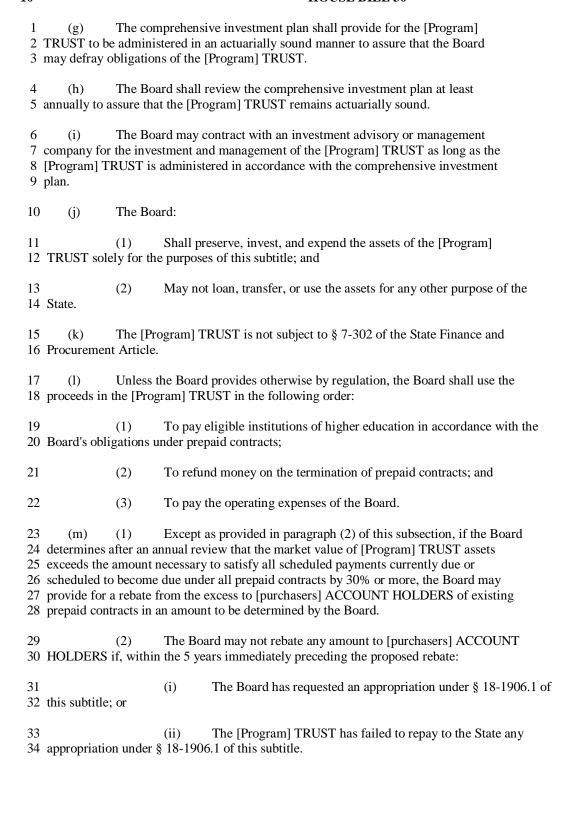
| 1 | | (4) | The State Comptroller; [and] |
|----------|----------------------|--------------------------------------|---|
| 2 | | (5) | THE CHANCELLOR OF THE UNIVERSITY SYSTEM OF MARYLAND; AND |
| | | | Five members of the public who shall be appointed by the Governor cant experience in finance, accounting, investment areas that can be of assistance to the Board. |
| 8 | MEMBER'S | (4) <u>(5)</u> O STAFF | BER OF THE BOARD DESIGNATED UNDER SUBSECTION (C)(1) F THIS SECTION MAY DESIGNATE AN EMPLOYEE FROM THE TO REPRESENT THE MEMBER OF THE BOARD, WITH THE FULL OWERS, AND DUTIES OF THE MEMBER. |
| 10 11 | ` ' | | aking office, each appointee to the Board shall take the oath § 9 of the Maryland Constitution. |
| 12 13 | L(-)1 | (F) blic mem | (1) Except for the terms of the initial members of the Board, the ber of the Board is 4 years. |
| 14 15 | | (2) the terms | The terms of the public members of the Board are staggered as of the members of the Board on October 1, 1998. |
| 16 17 | | (3) appointe | At the end of a term, a public member continues to serve until a d and qualifies. |
| 18 19 | | (4) inder of t | A public member who is appointed after a term has begun serves only he term and until a successor is appointed and qualifies. |
| 20 | | (5) | A public member is eligible for reappointment. |
| 21 22 | [(f)] misconduct. | (G) | The Governor may remove a public member for incompetence or |
| 23 | 18-1905. | | |
| 24 25 | ` ' | | ard, from among the members of the Board, shall elect a chairman anal officers that the Board considers necessary. |
| 26 | (b) | The Boa | ard shall determine the times and places of meetings. |
| 27 | (c) | A memb | per of the Board: |
| 28 | | (1) | May not receive compensation; |
| 29 30 | Travel Regu | (2) alations; a | Is entitled to reimbursement for expenses under the Standard State and |
| 31 32 | the Marylan | (3) d Public | Shall file a public disclosure of financial interests as required under Ethics Law. |
| 33 | (d) | (1) | The Board: |
| | | | |

| 1 2 | executive service of | (i) the State I | | point [an] A PROGRAM executive director who is in the Management System; and |
|----------|---|--------------------|-------------|--|
| 3 | | (ii) | May emp | ploy additional staff in accordance with the budget. |
| 6 | | | shall be sl | for employees described in subparagraph (ii) or (iii) of killed service employees subject to the ensions Article that govern skilled service |
| | provisions of the Sta service employees it | | nel and Pe | loyee is in the professional service and subject to the ensions Article that govern professional |
| | science or learning of instruction and study | | | Requires knowledge of an advanced type in a field of d by a course of specialized intellectual |
| 14 15 | degree, or both. | | 2. | Normally requires a professional license, an advanced |
| | provisions of the Sta service employees in | | nel and Pe | oyee is in the management service and subject to the ensions Article that govern management |
| 19 20 | and management of | personnel | | Primarily involves direct responsibility for the oversight acial resources; |
| 21 22 | judgment; and | | 2. | Requires the exercise of discretion and independent |
| 23 | | | 3. | Is not in the executive service. |
| 24 25 | (3) and other personnel. | | • | etain the services of consultants, administrators, minister the [Program] TRUST or the Plan. |
| 26 27 | (4) review by the Gener | | | HE PROGRAM, the Board, and its staff is subject to formation purposes only. |
| 28 29 | | | | regulations that the Board considers necessary le or Subtitle 19A of this title. |
| 30 | (f) In addi | tion, the E | Board may | r. |
| 31 | (1) | Adopt a | n official | seal; |
| 32 | (2) | Sue and | be sued; | |
| 33 | (3) | Execute | contracts | and other necessary instruments; |



HOUSE BILL 30 1 (1)PARTNERING WITH A PRIVATE COLLEGE TO ADMINISTER A PREPAID 2 TUITION PROGRAM; 3 (2)CREATING BROKER OR DEALER AGREEMENTS; AND (3) PARTNERING WITH A RETAIL BUSINESS TO OFFER TUITION 4 PROGRAMS TO THE EMPLOYEES AND CUSTOMERS OF THE RETAIL BUSINESS. 5 THE BOARD SHALL ADMINISTER ANY ADDITIONAL QUALIFIED STATE 6 7 TUITION PROGRAMS IN COMPLIANCE WITH INTERNAL REVENUE SERVICE 8 STANDARDS FOR QUALIFIED STATE TUITION PROGRAMS. 9 THE BOARD SHALL ADOPT PROCEDURES FOR ANY ADDITIONAL 10 OUALIFIED STATE TUITION PROGRAMS DESCRIBED UNDER SUBSECTION (A) OF THIS 11 SECTION THAT THE BOARD CONSIDERS NECESSARY TO CARRY OUT THE PROVISIONS 12 OF THIS SUBTITLE OR SUBTITLE 19A OF THIS TITLE. 13 18-1906. 14 The Board shall adopt a comprehensive investment plan for the (a) 15 administration of the [Program] TRUST. The plan shall specify the investment policies used by the Board in the 16 (b) administration of the [Program] TRUST. 17 18 Assets of the [Program] TRUST shall be invested in accordance with the 19 comprehensive investment plan. 20 The comprehensive investment plan must indicate the percentage of assets 21 that shall be held in each class of investment, the amount of funds held in any cash 22 pool, the amount of funds held in fixed assets investments, the amount of funds held 23 in equity investments, and the percentage and dollar value of assets placed with 24 outside managers. 25 Notwithstanding any law restricting the deposit or investment of 26 State money, the Board may place assets of the [Program] TRUST in savings accounts 27 or may use the assets to purchase fixed or variable life insurance or annuity 28 contracts, securities, evidence of indebtedness, or other investment products pursuant 29 to the comprehensive investment plan. 30 Any insurance, annuity contracts, savings, or other investment products procured by the Board shall be underwritten and offered in compliance with 32 applicable federal and State laws. 33 The Board shall make every effort to invest the assets of the [Program] 34 TRUST in a manner that earns, at a minimum, sufficient earnings to generate the 35 difference between the prepaid amount under prepaid contracts and the average 36 in-State tuition costs at public institutions of higher education in the State at the

37 time that the benefits are exercised.



The management or administration of the [Program] TRUST; or

The management or disposition of the assets of the [Program]

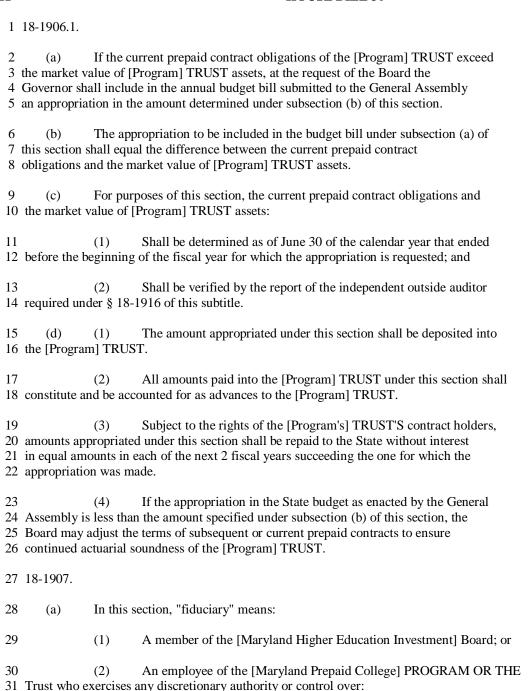
32

33

34 TRUST.

(i)

(ii)



33

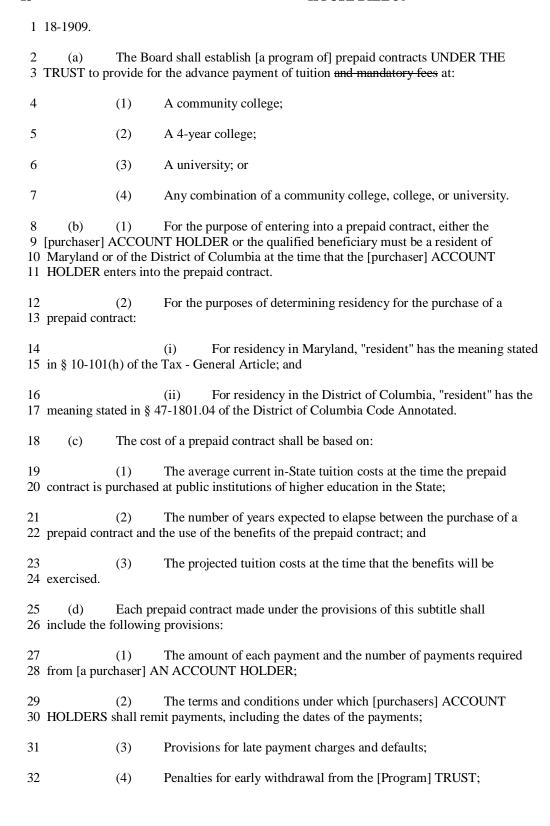
(c)

34 section.

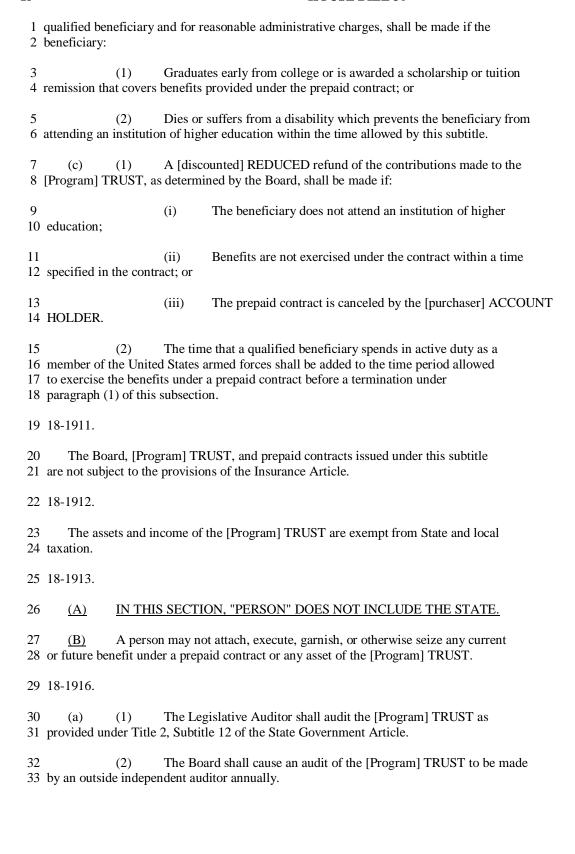
HOUSE BILL 30

1 (b) A fiduciary shall discharge the fiduciary's duties with respect to the 2 [Program] TRUST: 3 (1) Solely in the interest of the participants; For the exclusive purposes of providing benefits to the participants (2) 5 and providing reasonable expenses of administering the [Program] TRUST; With the care, skill, prudence, and diligence under the circumstances 6 7 then prevailing, that a prudent person acting in a like capacity and familiar with such 8 matters would use in the conduct of an enterprise of a like character with like aims; 9 By diversifying the investments of the [Program] TRUST so as to 10 minimize the risk of large losses, unless under the circumstances it is clearly prudent 11 not to do so; 12 (5) In accordance with the laws governing the [Program] TRUST; and 13 In accordance with the documents and instruments governing the (6)14 [Program] TRUST to the extent that the documents and instruments are consistent 15 with this subtitle. In exercising authority, control, or discretion with respect to the 16 (c) [Program] TRUST, a fiduciary may not: 17 18 (1) Use the assets of the [Program] TRUST for the fiduciary's own 19 interest or account; 20 (2) Act in a transaction involving the [Program] TRUST on behalf of a 21 person, or represent a person, if the interests of the person are adverse to the 22 interests of the [Program] TRUST or the interests of participants; 23 Receive any consideration for the fiduciary's own account from a 24 person dealing with the [Program] TRUST in connection with a transaction involving 25 the assets of the [Program] TRUST; or 26 Become an endorser or surety or, in any manner, an obligor, for 27 money lent to or borrowed from the Board. 28 18-1908. The Board shall purchase a bond for each fiduciary in accordance with 29 (a) 30 Title 9, Subtitle 17 of the State Government Article. Unless a fiduciary is bonded, the fiduciary may not exercise custody or 31 (b) control of any assets of the [Program] TRUST.

A fiduciary may not allow another fiduciary to act in violation of this

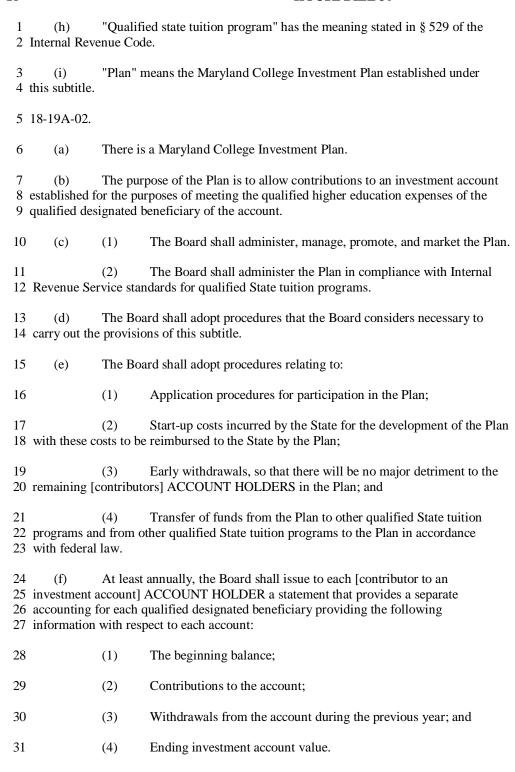


- 14 **HOUSE BILL 30** 1 (5) The amount and terms of any administrative fees that must be paid 2 by the [purchaser] ACCOUNT HOLDER or the beneficiary; (6)The name and date of birth of the qualified beneficiary on whose 4 behalf the contract is made; Terms and conditions for a substitution for the qualified beneficiary 6 originally named; 7 Terms and conditions for the termination of the prepaid contract; (8) 8 (9) The time period during which the qualified beneficiary may claim 9 benefits from the [Program] TRUST; 10 (10)The maximum number of undergraduate semester hours that are 11 prepaid under the prepaid contract, based on in-State tuition at a public institution of 12 higher education in the State; All other rights and obligations of the [purchaser] ACCOUNT 13 (11)14 HOLDER and the [Program] TRUST; and Any other terms and conditions that the Board considers necessary or 15 (12)16 appropriate. 17 (e) The Board shall allow the conversion of a prepaid contract from one tuition 18 plan or payment option to a different tuition plan or payment option. The Board shall allow excess prepaid contract benefits due to receipt of a 19 (f) 20 scholarship, tuition remission, or early graduation from college to be used toward the 21 payment of other qualified higher education expenses, as specified by the Board, at 22 an eligible institution of higher education. 23 The Board shall allow the transfer of funds from the [Program] TRUST to 24 any other qualified State tuition program or from any other qualified State tuition program to the [Program] TRUST, in accordance with federal law. 26 (h) The Board shall set procedures to ensure that contributions to the 27 [Program] TRUST plus contributions or payments to other qualified State tuition 28 programs do not exceed a total maximum amount determined by § 529 of the Internal 29 Revenue Code for contributions to multiple qualified State tuition programs. 30 18-1910. 31 (a) (1) The Board shall issue refunds as specified in this section.
- 32 Unless authorized by the Board or under subsection (b) of this section, a refund may not exceed the amount paid into the [Program] TRUST by the
- [purchaser] ACCOUNT HOLDER.
- 35 A refund equal to the same benefits as provided by the prepaid contract, 36 minus any amount paid out of the funds of the [Program] TRUST on behalf of the



| 1 2 | (3) this subsection. | The Boa | ırd shall p | pay for the audit required under paragraph (2) of |
|----------|---|------------|-------------|--|
| | (b) (1) submit to the Governor the General Assembly | or and, su | bject to § | fter the close of each fiscal year, the Board shall § 2-1246 of the State Government Article, to g: |
| 6 | | (i) | The aud | it of the outside independent auditor; |
| 7 | | (ii) | A financ | cial accounting of the [Program] TRUST, including: |
| 8 9 | which shall include: | | 1. | The annual review of the comprehensive investment plan |
| | investment income n contracts; | natched to | A. projecte | The status of the investment program, including d enrollment costs under the existing prepaid |
| | funds held in any cas the amount of funds | | | The assets held in each class of investment, the amount of t of funds held in fixed assets investments, and estments; |
| 16 17 | outside managers; | | C. | The percentage and dollar value of assets placed with |
| 18 | | | D. | The income produced by each class of investment; and |
| 19 | | | E. | The income produced by each investment manager; and |
| | | | | A detailed account of the operating and administrative ch shall include a complete list of revenue line item expenditures for: |
| 23 | | | A. | Salaries, wages, and fringe benefits; |
| 24 | | | B. | Technical and special fees; |
| 25 | | | C. | Communication; |
| 26 | | | D. | Travel; |
| 27 | | | E. | Contractual services; |
| 28 | | | F. | Supplies and materials; |
| 29 | | | G. | Equipment; |
| 30 | | | H. | Fixed charges; and |
| 31 | | | I. | Other expenses. |

- 1 (iii) The number of prepaid contracts entered into during the
 2 previous fiscal year;
 3 (iv) Efforts by the Board in marketing the [Program] TRUST of
 4 prepaid contracts; and
 5 (v) Any recommendations of the Board concerning the operation of
 6 the [Program] TRUST.
- 7 (2) The Board shall make available to each [purchaser] ACCOUNT 8 HOLDER a copy of a summary of the report and the option to purchase the full report 9 at a nominal charge.
- 10 (C) ANY QUALIFIED STATE TUITION PROGRAM ADOPTED BY THE BOARD IN 11 ACCORDANCE WITH § 18 1905.1 OF THIS SUBTITLE THAT PROVIDES FOR THE
- 12 ADVANCE PAYMENT OF TUITION AT ELIGIBLE INSTITUTIONS OF HIGHER EDUCATION
- 13 SHALL COMPLY WITH THE PROVISIONS OF THIS SECTION.
- 14 (D) THE AUDIT REQUIRED BY SUBSECTION (A)(2) OF THIS SECTION AND THE
- 15 REPORT REQUIRED BY SUBSECTION (B) OF THIS SECTION MAY BE COMBINED WITH
- 16 ANY OTHER AUDIT OR REPORT FOR THE SAME FISCAL YEAR REQUIRED TO BE
- 17 SUBMITTED BY THE BOARD TO THE GOVERNOR AND THE GENERAL ASSEMBLY.
- 18 18-19A-01.
- 19 (a) In this subtitle the following words have the meanings indicated.
- 20 (b) "ACCOUNT HOLDER" MEANS THE PERSON WHO ESTABLISHED AN
- 21 INVESTMENT ACCOUNT ON BEHALF OF A QUALIFIED DESIGNATED BENEFICIARY.
- 22 (C) "Board" means the [Maryland Higher Education Investment] COLLEGE
- 23 SAVINGS PLANS OF MARYLAND Board established under § 18-1904 of this title.
- 24 [(c) "Contributor" means the person who establishes an investment account on
- 25 behalf of a qualified designated beneficiary.
- 26 (d) "Eligible educational institution" has the meaning stated in § 529(e) of the
- 27 Internal Revenue Code.
- 28 (e) "Investment account" means an account established by [a contributor] AN
- 29 ACCOUNT HOLDER under this subtitle on behalf of a qualified designated beneficiary
- 30 for the purpose of applying distributions toward qualified higher education expenses
- 31 at eligible educational institutions.
- 32 (f) "Qualified designated beneficiary" has the meaning stated in § 529(e) of
- 33 the Internal Revenue Code.
- 34 (g) "Qualified higher education expenses" has the meaning stated in § 529(e)
- 35 of the Internal Revenue Code.



- 1 18-19A-04.
- 2 (a) A Maryland resident or a nonresident of Maryland may participate in and 3 benefit from the Plan.
- 4 (b) Distributions from the Plan may be used only for qualified higher 5 education expenses.
- 6 (c) Refunds shall be disbursed to the [contributor] ACCOUNT HOLDER of the 7 investment account.
- 8 18-19A-05.
- 9 (a) (1) The debts, contracts, and obligations of the Plan are not the
- 10 contracts, debts, or obligations of the State and neither the faith and credit nor taxing
- 11 power of the State is pledged directly or indirectly or contingently, morally or
- 12 otherwise, to the payment of the debts, contracts, and obligations.
- 13 (2) The Board cannot directly or indirectly or contingently obligate,
- 14 morally or otherwise, the State to levy or pledge any form of taxation whatsoever for
- 15 the debts and obligations of the Plan or to make any appropriation for the payment of
- 16 the debts and obligations of the Plan.
- 17 (b) Neither the State nor any eligible educational institution shall be liable for
- 18 any losses or shortage of funds in the event that the [contributor's] ACCOUNT
- 19 HOLDER'S investment account balance is insufficient to meet the tuition
- 20 requirements of an institution attended by the qualified designated beneficiary.
- 21 (c) Moneys of the Plan may not be considered moneys of the State or deposited
- 22 in the State Treasury.
- 23 (d) Moneys of the Plan may not be considered moneys of or commingled with
- 24 the Maryland Prepaid College Trust.
- 25 18-19A-05.1.
- 26 THE BOARD, PLAN, AND INVESTMENT ACCOUNTS ISSUED UNDER THIS
- 27 SUBTITLE ARE NOT SUBJECT TO THE PROVISIONS OF THE INSURANCE ARTICLE.
- 28 18-19A-06.1.
- 29 (A) IN THIS SECTION, "PERSON" DOES NOT INCLUDE THE STATE.
- 30 (B) A PERSON MAY NOT ATTACH, EXECUTE, GARNISH, OR OTHERWISE SEIZE
- 31 ANY CURRENT OR FUTURE BENEFIT UNDER AN INVESTMENT ACCOUNT OR ANY
- 32 ASSET OF THE PLAN.
- 33 18-19A-07.
- 34 (a) (1) The Legislative Auditor shall audit the Plan as provided under Title
- 35 2, Subtitle 12 of the State Government Article.

| 1 | providers. | (2) | The Boa | rd shall o | obtain an annual audit report from service |
|----------|--------------|-------|------------------|------------|--|
| | | | or and, su | bject to § | fter the close of each fiscal year, the Board shall 2-1246 of the State Government Article, to g: |
| 6 | | | (i) | A financ | ial accounting of the Plan, including: |
| 7 | | | | 1. | An annual review of the Plan which shall include: |
| 8 | | | | A. | The status of the investment program; |
| 9 | | | | B. | The assets held in each class of investment; |
| 10 11 | outside mana | gers; | | C. | The percentage and dollar value of assets placed with |
| 12 | | | | D. | The income produced by each class of investment; |
| 13 | | | | E. | The income produced by each investment manager; |
| 14 | | | | F. | The total deposits into the Plan for the past year; and |
| 15 | | | | G. | The total withdrawals from the Plan for the past year; and |
| | | | | | A detailed account of the operating and administrative a complete list of revenue sources and enditures for: |
| 19 | | | | A. | Salaries, wages, and fringe benefits; |
| 20 | | | | B. | Technical and special fees; |
| 21 | | | | C. | Communication; |
| 22 | | | | D. | Travel; |
| 23 | | | | E. | Contractual services; |
| 24 | | | | F. | Supplies and materials; |
| 25 | | | | G. | Equipment; |
| 26 | | | | H. | Fixed charges; and |
| 27 | | | | I. | Other expenses; |
| 28 29 | | HOLDE | (ii) RS durin | The num | aber of new [contributors to investment accounts] vious fiscal year; |
| 30 | | | (iii) | Efforts i | n marketing the Plan; and |
| | | | | | |

| 1 2 | the Plan. | (iv) | Any recommendations of the Board concerning the operation of |
|----------|--|-------------------------------|---|
| | | ACCOUN | ard shall make available to each [contributor to an IT HOLDER a copy of a summary of the report and the ort at a nominal charge. |
| 8 9 | ACCORDANCE WI' ESTABLISHMENT QUALIFIED HIGHE | TH § 18 OF INVE CR EDUC | ED STATE TUITION PROGRAM ADOPTED BY THE BOARD IN 1905.1 OF THIS TITLE THAT PROVIDES FOR THE STEELING THE STEELING THE STEELING THE PURPOSES OF MEETING THE ATION EXPENSES OF A QUALIFIED DESIGNATED MPLY WITH THE PROVISIONS OF THIS SECTION. |
| 13 14 | REPORT REQUIRE DISCRETION, MA | ED BY SU Y BE CO QUIRED | QUIRED BY SUBSECTION (A)(2) OF THIS SECTION AND THE UBSECTION (B) OF THIS SECTION, AT THE BOARD'S MBINED WITH ANY OTHER AUDIT OR REPORT FOR THE SAME TO BE SUBMITTED BY THE BOARD TO THE GOVERNOR AND Y. |
| 16 | | | Article - State Government |
| 17 | 10-616. | | |
| 18 19 | (a) Unless of public record, as pro- | | provided by law, a custodian shall deny inspection of a his section. |
| 20 21 | (n) (1) inspection of any rec | | to paragraph (2) of this subsection, a custodian shall deny osing: |
| | beneficiary of a [high Subtitle 19 of the Ed | | the name of [a purchaser] AN ACCOUNT HOLDER or qualified tion investment] PREPAID contract under Title 18, rticle; AND |
| | | | THE NAME OF AN ACCOUNT HOLDER OR QUALIFIED RY OF AN INVESTMENT ACCOUNT UNDER TITLE 18, UCATION ARTICLE. |
| 28 | (2) | A custoo | lian: |
| 29 | | (i) | shall permit inspection by a person in interest; and |
| 32 | | | may release information to an eligible institution [designated ent contract in accordance with regulations of the avestment Program Board.] OF HIGHER EDUCATION |
| | QUALIFIED BENE ARTICLE; OR | FICIARY | 1. BY AN ACCOUNT HOLDER OF A PREPAID CONTRACT OR UNDER TITLE 18, SUBTITLE 19A OF THE EDUCATION |

| 1 2 | 2. BY AN ACCOUNT HOLDER OR QUALIFIED DESIGNATED BENEFICIARY UNDER TITLE 18, SUBTITLE 19A OF THE EDUCATION ARTICLE. |
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| 3 | Chapter 110 of the Acts of 1997, as amended by Chapter 494 of the Acts of 2000 |
| 7 8 9 10 11 12 | SECTION 5. AND BE IT FURTHER ENACTED, That the totality of the marketing efforts undertaken by the [Maryland Higher Education Investment] COLLEGE SAVINGS PLANS OF MARYLAND Board to market the Maryland Prepaid College Trust AND THE MARYLAND COLLEGE INVESTMENT PLAN must include full disclosure that the contract entered into under the provisions of this Act does not guarantee that the earnings of the assets invested in the [Program] TRUST OR THE PLAN will generate the difference between the projected costs of [tuition under the contract] THE QUALIFIED HIGHER EDUCATION EXPENSES and the actual costs at the time of enrollment. |
| 14 15 | Chapter 111 of the Acts of 1997, as amended by Chapter 494 of the Acts of 2000 |
| 18 19 20 21 22 23 | SECTION 5. AND BE IT FURTHER ENACTED, That the totality of the marketing efforts undertaken by the [Maryland Higher Education Investment] COLLEGE SAVINGS PLANS OF MARYLAND Board to market the Maryland Prepaid College Trust AND THE MARYLAND COLLEGE INVESTMENT PLAN must include full disclosure that the contract entered into under the provisions of this Act does not guarantee that the earnings of the assets invested in the [Program] TRUST OR THE PLAN will generate the difference between the projected costs of [tuition under the contract] THE QUALIFIED HIGHER EDUCATION EXPENSES and the actual costs at the time of enrollment. |
| | SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to apply to all prepaid contracts purchased and investment accounts opened before the effective date of this Act. |
| 28 29 | SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2003. |