

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 499

(Senators Hogan and Kasemeyer)

Budget and Taxation and Education, Health, and Environmental Affairs Appropriations

College Savings Plans of Maryland

This 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 two programs that are administered by the board. The bill adds the Chancellor of the University System of Maryland to the board and allows the five ex officio members of the board to designate staff members to act as their representatives on the board. The bill also allows the board to combine the required annual audits and reports for the Maryland Prepaid College Trust and the Maryland College Investment Plan. The bill makes other technical changes to the trust and the investment plan in order to align the administration of the two programs.

The bill is effective July 1, 2003.

Fiscal Summary

State Effect: The bill's changes are mostly technical and would not materially impact State finances.

Local Effect: None.

Small Business Effect: None.

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. Board members are not authorized to send designees in their place. The board administers the Maryland Prepaid College Trust and the Maryland College Investment Plan and is required to submit separate annual audits and reports for the two programs.

Background: The Maryland Prepaid College Trust was established by Chapters 110 and 111 of 1997, and the Maryland College Investment Plan was established by Chapter 494 of 2000. 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 established in 1997 to administer the trust. When the college investment plan was created, the board was given the responsibility of administering it too.

A bill with similar provisions, HB 826, was introduced in 2002 as a Maryland Higher Education Investment Board departmental bill. At that time, the board indicated that the alteration to the board's reporting requirements would give the board the option of submitting a single annual report for the programs it administers. Allowing ex officio members to designate staff members to represent them was suggested by the board in its proposal last year in recognition of the schedules of ex officio members. Finally, the board advised that the establishment of a name that encompasses the two programs operated by the board would allow the board to market the programs jointly.

Additional Information

Prior Introductions: A similar bill was introduced as a departmental bill in 2002. The bill, HB 826, passed the House but received an unfavorable report from the Senate Budget and Taxation Committee.

Cross File: HB 30 (Delegate Leopold) – Appropriations.

Information Source(s): Maryland Higher Education Investment Board, Comptroller's Office, Maryland Higher Education Commission, Department of Legislative Services

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