

Second Regular Session
Sixty-seventh General Assembly
STATE OF COLORADO

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 10-1038.01 Nicole Myers

SENATE BILL 10-202

SENATE SPONSORSHIP

Whitehead,

HOUSE SPONSORSHIP

Kerr A.,

Senate Committees
Education

House Committees
Education
Appropriations

A BILL FOR AN ACT

101 CONCERNING SAVINGS ACCOUNTS FOR JOB RETRAINING.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Under current law, anyone may open a college savings account (account) through a college savings plan for any beneficiary. The bill specifies that any adult may open an account for the benefit of himself or herself in furtherance of the adult's own postsecondary educational and job retraining goals (adult learner). The authority that administers the college savings plan (authority) is directed to:

! Promote the use of accounts by adult learners and to

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.

Capital letters indicate new material to be added to existing statute.

Dashes through the words indicate deletions from existing statute.

HOUSE
2nd Reading Unamended
May 10, 2010

SENATE
3rd Reading Unamended
May 7, 2010

SENATE
Amended 2nd Reading
May 6, 2010

develop and implement procedures to allow an employer to make a matching contribution to an adult learner's account for any contribution made by the adult learner;

- ! Develop procedures to provide college planning and preparation for adult learners through college in Colorado; and
- ! Develop procedures for coordinating with the department of labor and employment to make information regarding accounts for adult learners available to potential participants.

The authority is directed to work with the financial institutions that manage the accounts to determine the savings options that would be most beneficial to adult learners, and the financial institutions are directed to develop and implement a plan to expand the promotion of the college savings program to encourage adults to open accounts and participate as adult learners.

Any employer matching contribution to an account for an adult learner is subtracted from federal taxable income.

The job retraining cash fund is created in the state treasury and an amount from the fund shall be annually transferred to the general fund for specified state fiscal years to assist in defraying the cost to the state of people contributing to an account for an adult learner. The moneys in the fund shall consist of a portion of the proceeds from the sale of the loan assets of the authority.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** 23-3.1-301, Colorado Revised Statutes, is amended
3 to read:

4 **23-3.1-301. Legislative declaration.** (1) The general assembly
5 hereby finds, determines, and declares that a choice of education
6 opportunities will benefit the residents of the state of Colorado and that
7 the establishment of a college savings program ~~to be administered by~~
8 ~~collegeinvest~~, will enhance the availability of postsecondary educational
9 opportunities for residents. It is the intent of the general assembly to
10 achieve this purpose through a public-private partnership using selected
11 financial institutions to serve as account holders and managers of

1 individual college savings accounts.

2 (2) THE GENERAL ASSEMBLY FURTHER FINDS, DETERMINES, AND
3 DECLARES THAT THE COLLEGE SAVINGS PROGRAM CAN ENHANCE THE
4 AVAILABILITY OF POSTSECONDARY EDUCATIONAL OPPORTUNITIES FOR
5 ADULTS WHO ARE ALREADY IN THE WORKFORCE AND THEREFORE
6 ENCOURAGES ADULTS TO TAKE ADVANTAGE OF THE COLLEGE SAVINGS
7 PROGRAM TO FURTHER THEIR OWN POSTSECONDARY EDUCATIONAL
8 OPPORTUNITIES AND JOB RETRAINING GOALS.

9 **SECTION 2.** 23-3.1-302 (4), Colorado Revised Statutes, is
10 amended, and the said 23-3.1-302 is further amended BY THE
11 ADDITION OF A NEW SUBSECTION, to read:

12 **23-3.1-302. Definitions.** As used in this part 3, unless the context
13 otherwise requires:

14 (2.5) "ADULT LEARNER" MEANS AN ACCOUNT OWNER WHO IS ALSO
15 THE ACCOUNT BENEFICIARY AND WHO OPENS AN ACCOUNT IN PURSUIT OF
16 HIS OR HER OWN POSTSECONDARY EDUCATIONAL OPPORTUNITIES AND JOB
17 RETRAINING GOALS.

18 (4) "Designated beneficiary" or "beneficiary" means, with respect
19 to an account, the person designated at the time the account is opened, or
20 the person who replaces a designated beneficiary, as the person whose
21 education expenses are expected to be paid from the account. A
22 DESIGNATED BENEFICIARY MAY BE AN ADULT AND MAY BE THE ACCOUNT
23 OWNER.

24 **SECTION 3.** 23-3.1-304 (1) (n), Colorado Revised Statutes, is
25 amended, and the said 23-3.1-304 (1) is further amended BY THE
26 ADDITION OF THE FOLLOWING NEW PARAGRAPHS, to read:

27 **23-3.1-304. Authority - purpose - powers - duties.** (1) In

1 addition to any other powers or duties specifically granted to the authority
2 in part 2 of this article and in this part 3, the authority shall:

3 (n) ~~Do all things necessary and convenient to carry out the~~
4 ~~purposes of this part 3.~~ DEVELOP AND IMPLEMENT A PLAN TO PROMOTE
5 THE USE OF ACCOUNTS BY ADULT LEARNERS;

6 (o) DEVELOP AND IMPLEMENT PROCEDURES TO ALLOW AN
7 EMPLOYER TO MAKE A MATCHING CONTRIBUTION TO AN ADULT LEARNER'S
8 ACCOUNT FOR ANY CONTRIBUTION MADE BY THE ADULT LEARNER; EXCEPT
9 THAT ANY EMPLOYER MATCHING CONTRIBUTION SHALL BE SUBTRACTED
10 FROM FEDERAL TAXABLE INCOME PURSUANT TO SECTION 39-22-104 (4)
11 (o), C.R.S., TO THE EXTENT THAT THE CONTRIBUTION IS INCLUDED IN
12 FEDERAL TAXABLE INCOME;

13 (p) DEVELOP PROCEDURES TO PROVIDE COLLEGE PLANNING AND
14 PREPARATION FOR ADULT LEARNERS THROUGH THE STATE-PROVIDED, FREE
15 RESOURCE COMMONLY REFERRED TO AS "COLLEGE IN COLORADO";

16 (q) DEVELOP PROCEDURES FOR COORDINATING WITH THE
17 DEPARTMENT OF LABOR AND EMPLOYMENT TO MAKE INFORMATION
18 REGARDING ACCOUNTS FOR ADULT LEARNERS AVAILABLE TO POTENTIAL
19 PARTICIPANTS;

20 (r) DO ALL THINGS NECESSARY AND CONVENIENT TO CARRY OUT
21 THE PURPOSES OF THIS PART 3.

22 **SECTION 4.** 23-3.1-305, Colorado Revised Statutes, is amended
23 BY THE ADDITION OF A NEW SUBSECTION to read:

24 **23-3.1-305. Financial institutions - managers - purpose -**
25 **selection - requirements - contracts.** (10) THE AUTHORITY SHALL
26 WORK WITH THE MANAGERS OF THE PROGRAM IN PLACE ON THE EFFECTIVE
27 DATE OF THIS SUBSECTION (10) AND ANY FUTURE MANAGERS TO

1 DETERMINE THE MOST EFFECTIVE SAVINGS OPTIONS OFFERED BY THE
2 MANAGERS FOR ACCOUNT OWNERS WHO ARE ADULT LEARNERS. EACH
3 MANAGER OF THE PROGRAM THAT PROMOTES THE PROGRAM PURSUANT TO
4 PARAGRAPH (f) OF SUBSECTION (6) OF THIS SECTION SHALL DEVELOP AND
5 IMPLEMENT A PLAN TO EXPAND THE PROMOTION OF THE PROGRAM TO
6 ENCOURAGE ADULT LEARNERS TO PARTICIPATE IN THE PROGRAM IN
7 PURSUIT OF THEIR OWN POSTSECONDARY EDUCATIONAL OPPORTUNITIES
8 AND JOB RETRAINING GOALS.

9 **SECTION 5.** The introductory portion to 23-3.1-306 (1),
10 Colorado Revised Statutes, is amended to read:

11 **23-3.1-306. Accounts - contributions - withdrawals - penalties**
12 **- statements.** (1) The program shall be operated through the use of
13 accounts. An account may be opened by any person who desires to save
14 for the qualified higher education expenses of a potential beneficiary,
15 INCLUDING HIMSELF OR HERSELF AS AN ADULT LEARNER, by satisfying
16 each of the following requirements:

17 **SECTION 6.** Part 3 of article 3.1 of title 23, Colorado Revised
18 Statutes, is amended BY THE ADDITION OF A NEW SECTION to
19 read:

20 **23-3.1-310. Job retraining cash fund - repeal.** (1) THERE IS
21 HEREBY CREATED IN THE STATE TREASURY THE JOB RETRAINING CASH
22 FUND, REFERRED TO IN THIS SECTION AS THE "FUND". THE FUND SHALL
23 CONSIST OF:

24 (a) MONEYS TRANSFERRED TO THE FUND FROM THE PROCEEDS OF
25 THE SALE OF THE LOAN ASSETS OF THE AUTHORITY PURSUANT TO SECTION
26 23-3.1-205.4 (1) (c); AND

27 (b) ANY GIFTS, GRANTS, OR DONATIONS FROM PRIVATE OR PUBLIC

1 SOURCES THAT THE AUTHORITY IS HEREBY AUTHORIZED TO SEEK AND
2 ACCEPT.

3 (2) (a) (I) ON OR BEFORE OCTOBER 1, 2010, THE STATE TREASURER
4 SHALL DEDUCT THIRTY-THREE THOUSAND DOLLARS FROM THE FUND AND
5 TRANSFER SUCH SUM TO THE GENERAL FUND.

6 (II) ON OR BEFORE JULY 1, 2011, THE STATE TREASURER SHALL
7 DEDUCT THIRTY-THREE THOUSAND DOLLARS FROM THE FUND AND
8 TRANSFER SUCH SUM TO THE GENERAL FUND.

9 (III) ON OR BEFORE JULY 1, 2012, THE STATE TREASURER SHALL
10 TRANSFER THE BALANCE OF THE FUND TO THE GENERAL FUND.

11 (b) THE TRANSFERS TO THE GENERAL FUND PURSUANT TO THIS
12 SUBSECTION (2) SHALL ASSIST IN DEFRAYING THE COSTS TO THE STATE OF
13 IMPLEMENTING SENATE BILL 10-202, ENACTED IN 2010.

14 (3) ALL MONEYS IN THE FUND NOT EXPENDED OR ENCUMBERED,
15 AND ALL INTEREST EARNED ON THE INVESTMENT OR DEPOSIT OF MONEYS
16 IN THE FUND, SHALL REMAIN IN THE FUND AND SHALL NOT REVERT TO THE
17 GENERAL FUND OR ANY OTHER FUND AT THE END OF ANY FISCAL YEAR.

18 (4) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2013.

19 **SECTION 7.** Part 3 of article 3.1 of title 23, Colorado Revised
20 Statutes, is amended BY THE ADDITION OF A NEW SECTION to
21 read:

22 **23-3.1-310. Job retraining cash fund - repeal.** (1) THERE IS
23 HEREBY CREATED IN THE STATE TREASURY THE JOB RETRAINING CASH
24 FUND, REFERRED TO IN THIS SECTION AS THE "FUND". THE FUND SHALL
25 CONSIST OF:

26 (a) MONEYS TRANSFERRED TO THE FUND PURSUANT TO
27 SUBSECTION (2) OF THIS SECTION; AND

1 (b) ANY GIFTS, GRANTS, OR DONATIONS FROM PRIVATE OR PUBLIC
2 SOURCES THAT THE AUTHORITY IS HEREBY AUTHORIZED TO SEEK AND
3 ACCEPT.

4 (2) ON OR BEFORE SEPTEMBER 30, 2010, THE STATE TREASURER
5 SHALL TRANSFER TO THE FUND ONE HUNDRED THOUSAND DOLLARS FROM
6 THE PROCEEDS OF THE SALE OF THE LOAN ASSETS OF THE AUTHORITY.

7 (3) (a) (I) ON OR BEFORE OCTOBER 1, 2010, THE STATE TREASURER
8 SHALL DEDUCT THIRTY-THREE THOUSAND DOLLARS FROM THE FUND AND
9 TRANSFER SUCH SUM TO THE GENERAL FUND.

10 (II) ON OR BEFORE JULY 1, 2011, THE STATE TREASURER SHALL
11 DEDUCT THIRTY-THREE THOUSAND DOLLARS FROM THE FUND AND
12 TRANSFER SUCH SUM TO THE GENERAL FUND.

13 (III) ON OR BEFORE JULY 1, 2012, THE STATE TREASURER SHALL
14 TRANSFER THE BALANCE OF THE FUND TO THE GENERAL FUND.

15 (b) THE TRANSFERS TO THE GENERAL FUND PURSUANT TO THIS
16 SUBSECTION (3) SHALL ASSIST IN DEFRAYING THE COSTS TO THE STATE OF
17 IMPLEMENTING SENATE BILL 10-202, ENACTED IN 2010.

18 (4) ALL MONEYS IN THE FUND NOT EXPENDED OR ENCUMBERED,
19 AND ALL INTEREST EARNED ON THE INVESTMENT OR DEPOSIT OF MONEYS
20 IN THE FUND, SHALL REMAIN IN THE FUND AND SHALL NOT REVERT TO THE
21 GENERAL FUND OR ANY OTHER FUND AT THE END OF ANY FISCAL YEAR.

22 (5) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2013.

23 **SECTION 8.** 39-22-104 (4), Colorado Revised Statutes, is
24 amended BY THE ADDITION OF A NEW PARAGRAPH to read:

25 **39-22-104. Income tax imposed on individuals, estates, and**
26 **trusts - single rate - definitions - repeal.** (4) There shall be subtracted
27 from federal taxable income:

1 (o) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
2 1, 2011, AN AMOUNT EQUAL TO ANY AMOUNT RECEIVED AS EMPLOYER
3 MATCHING CONTRIBUTIONS TO AN ADULT LEARNER'S INDIVIDUAL TRUST
4 ACCOUNT OR SAVINGS ACCOUNT MADE PURSUANT TO PART 3 OF ARTICLE
5 3.1 OF TITLE 23, C.R.S.

6 **SECTION 9. Specified effective date.** (1) This act shall take
7 effect upon passage; except that:

8 (a) Section 6 of this act shall take effect upon passage only if
9 House Bill 10-1428 is enacted and becomes law; and

10 (b) Section 7 of this act shall take effect upon passage only if
11 House Bill 10-1428 is not enacted.

12 **SECTION 10. Safety clause.** The general assembly hereby finds,
13 determines, and declares that this act is necessary for the immediate
14 preservation of the public peace, health, and safety.