

FIRST REGULAR SESSION

[PERFECTED]

HOUSE BILL NO. 624

101ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE RICHEY.

1369H.01P

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 160.2700, 160.2705, 166.400, 166.410, 166.415, 166.420, 166.425, 166.435, 166.440, 166.456, 166.502, and 209.610, RSMo, and to enact in lieu thereof fourteen new sections relating to educational opportunities.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 160.2700, 160.2705, 166.400, 166.410, 166.415, 166.420, 166.425, 166.435, 166.440, 166.456, 166.502, and 209.610, RSMo, are repealed and fourteen new sections enacted in lieu thereof, to be known as sections 160.560, 160.2700, 160.2705, 161.385, 166.400, 166.410, 166.415, 166.420, 166.425, 166.435, 166.440, 166.456, 166.502, and 209.610, to read as follows:

160.560. 1. The department of elementary and secondary education shall establish the "Show Me Success Diploma Program".

2. Under the show me success diploma program, the department of elementary and secondary education shall develop the "Show Me Success Diploma" as an alternative pathway to graduation for high school students that may be earned at any point between the end of a student's tenth grade year and the conclusion of the student's twelfth grade year.

3. By July 1, 2022, the department of elementary and secondary education shall develop detailed requirements for students to become eligible for the show me success diploma that include at least the following:

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

11 **(1) Demonstrated skills and knowledge in English, science, and mathematical**
12 **literacy to be successful in college level courses offered by the community colleges in this**
13 **state that count toward a degree or certificate without taking remedial or developmental**
14 **course work; and**

15 **(2) Satisfactory grades on approved examinations in subjects determined to be**
16 **necessary to prepare a student to enter postsecondary education without remedial or**
17 **developmental course work.**

18 **4. School districts and charter schools may offer a course of study designed to meet**
19 **the requirements to obtain a show me success diploma to students entering the ninth grade.**
20 **Students who elect to pursue a show me success diploma shall participate in a course of**
21 **study designed by the school district to meet the requirements established under subsection**
22 **3 of this section. The show me success diploma shall be available to any such student until**
23 **the end of that student's twelfth grade year.**

24 **5. Students who earn a show me success diploma may remain in high school and**
25 **participate in programs of study available through the school district or charter school**
26 **until that student would otherwise have graduated at the end of grade twelve. For**
27 **purposes of calculation and distribution of state aid, the school district or charter school**
28 **of a pupil having earned a show me success diploma who remains enrolled in the school**
29 **district or charter school shall continue to include the pupil in the pupil enrollment of each**
30 **such school district or charter school and shall continue to receive funding for a pupil who**
31 **earns a show me success diploma until that pupil would otherwise have graduated at the**
32 **end of grade twelve. Students who elect to remain in high school under this subsection**
33 **shall be eligible to participate in extracurricular activities, including interscholastic sports,**
34 **through the end of grade twelve.**

35 **6. Students who pursue but do not meet the eligibility requirements for a show me**
36 **success diploma at the end of grade ten or eleven shall receive a customized program of**
37 **assistance during the next school year that addresses areas in which the student**
38 **demonstrated deficiencies in the course requirements. Students may choose to return to**
39 **a traditional academic program without completing the show me success diploma.**

40 **7. The department of elementary and secondary education shall provide training,**
41 **guidance, and assistance to teachers and administrators of the schools offering the show**
42 **me success diploma and shall closely monitor the progress of the schools in the**
43 **development of the program.**

44 **8. Pupils who earn a show me success diploma and do not remain enrolled in the**
45 **district or charter school and instead enroll, or show proof that they will enroll, in a**
46 **postsecondary educational institution eligible to participate in a student aid program**

47 administered by the U.S. Department of Education shall be included in the district's or
48 charter school's state aid calculation under section 163.031, until such time that the pupil
49 would have completed the pupil's twelfth grade year had the pupil not earned a show me
50 success diploma. The funding assigned to a pupil under this subsection shall be calculated
51 as if the pupil's attendance percentage equaled the district's or charter school's prior year
52 average attendance percentage. For a pupil who, as provided in this subsection, is included
53 in the district's or charter school's state aid calculation but who is not enrolled in the
54 district or charter school, an amount equal to ninety percent of the pupil's proportionate
55 share of the state, local, and federal aid that the district or charter school receives for the
56 pupil under this subsection shall be deposited into an account established under sections
57 166.400 to 166.455 that lists the pupil as the beneficiary. The state treasurer shall provide
58 guidance and assist school districts, charter schools, pupils, and parents or guardians of
59 pupils with the creation, maintenance, and use of an account that has been established
60 under sections 166.400 to 166.455.

61 9. The department of elementary and secondary education shall promulgate all
62 necessary rules and regulations for the administration of this section. Any rule or portion
63 of a rule, as that term is defined in section 536.010, that is created under the authority
64 delegated in this section shall become effective only if it complies with and is subject to all
65 of the provisions of chapter 536 and, if applicable, section 536.028. This section and
66 chapter 536 are nonseverable, and if any of the powers vested with the general assembly
67 pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul
68 a rule are subsequently held unconstitutional, then the grant of rulemaking authority and
69 any rule proposed or adopted after August 28, 2021, shall be invalid and void.

160.2700. For purposes of sections 160.2700 to 160.2725, "adult high school" means a
2 school that:

3 (1) Is for individuals who do not have a high school diploma and who are twenty-one
4 years of age or older;

5 (2) Offers an industry certification program or programs and a high school diploma in
6 a manner that allows students to earn a diploma at the same time that they earn an industry
7 certification;

8 (3) Offers ~~on-site~~ child care for children of enrolled students attending the school; and

9 (4) Is not eligible to receive funding under section 160.415 or 163.031.

160.2705. 1. The department of elementary and secondary education shall authorize
2 before January 1, 2018, a Missouri-based nonprofit organization meeting the criteria under
3 subsection 2 of this section to establish and operate four adult high schools, with:

4 (1) One adult high school to be located in a city not within a county;

5 (2) One adult high school to be located in a county of the third classification without a
6 township form of government and with more than forty-one thousand but fewer than forty-five
7 thousand inhabitants or a county contiguous to that county;

8 (3) One adult high school to be located in a county of the first classification with more
9 than two hundred sixty thousand but fewer than three hundred thousand inhabitants or a county
10 contiguous to that county; and

11 (4) One adult high school to be located in a county of the first classification with more
12 than one hundred fifty thousand but fewer than two hundred thousand inhabitants.

13 2. The department of elementary and secondary education shall grant the authorization
14 described under subsection 1 of this section based on a bid process conducted in accordance with
15 the rules and regulations governing purchasing through the office of administration. The
16 successful bidder shall:

17 (1) Demonstrate the ability to establish, within twenty-one months of the receipt of the
18 authorization, four adult high schools offering high school diplomas, an industry certification
19 program or programs, and [~~on-site~~] child care for children of the students attending the high
20 schools;

21 (2) Commit at least two million dollars in investment for the purpose of establishing the
22 necessary infrastructure to operate four adult high schools;

23 (3) Demonstrate substantial and positive experience in providing services, including
24 industry certifications and job placement services, to adults twenty-one years of age or older
25 whose educational and training opportunities have been limited by educational disadvantages,
26 disabilities, homelessness, criminal history, or similar circumstances;

27 (4) Establish a partnership with a state-supported postsecondary education institution or
28 more than one such partnership, if a partnership or partnerships are necessary in order to meet
29 the requirements for an adult high school;

30 (5) Establish a comprehensive plan that sets forth how the adult high schools will help
31 address the need for a sufficiently trained workforce in the surrounding region for each adult high
32 school;

33 (6) Establish partnerships and strategies for engaging the community and business
34 leaders in carrying out the goals of each adult high school;

35 (7) Establish the ability to meet quality standards through certified teachers and programs
36 that support each student in his or her goal to find a more rewarding job;

37 (8) Establish a plan for assisting students in overcoming barriers to educational success
38 including, but not limited to, educational disadvantages, homelessness, criminal history,
39 disability, including learning disability such as dyslexia, and similar circumstances;

40 (9) Establish a process for determining outcomes of the adult high school, including
41 outcomes related to a student's ability to find a more rewarding job through the attainment of a
42 high school diploma and job training and certification; and

43 (10) Bids shall not include an administrative fee greater than ten percent.

44 3. (1) The department of elementary and secondary education shall establish academic
45 requirements for students to obtain high school diplomas.

46 (2) Requirements for a high school diploma shall be based on an adult student's prior
47 high school achievement and the remaining credits and coursework that would be necessary for
48 the student to receive a high school diploma if he or she were in a traditional high school setting.
49 The adult student shall meet the requirements with the same level of academic rigor as would
50 otherwise be necessary to attain such credits.

51 (3) The adult high school authorized under this section shall award high school diplomas
52 to students who successfully meet the established academic requirements. The adult high school
53 authorized under this section shall confer the diploma as though the student earned the diploma
54 at a traditional high school. The diploma shall have no differentiating marks, titles, or other
55 symbols.

56 (4) Students at adult high schools may complete required coursework at their own pace
57 and as available through the adult high school. They shall not be required to satisfy any specific
58 number of class minutes. The adult high school may also make classes available to students
59 online as may be appropriate. However, students shall not complete the majority of instruction
60 of the school's curriculum online or through remote instruction. **For the purposes of this**
61 **subsection, synchronous instruction connecting students to a live class conducted in a**
62 **Missouri adult high school shall be treated the same as in-person instruction.**

63 (5) The department of elementary and secondary education shall not create additional
64 regulations or burdens on the adult high school or the students attending the adult high schools
65 beyond certifying necessary credits and ensuring that students have sufficiently mastered the
66 subject matter to make them eligible for credit.

67 **4. An adult high school shall be deemed a "secondary school system" for the**
68 **purposes subdivision (15) of subsection 1 of section 210.211.**

161.385. 1. There is hereby established the "Competency-Based Education Task
2 **Force" to study and develop competency-based education programs in public schools.**
3 **Task force members shall be chosen to represent the geographic diversity of the state. All**
4 **task force members shall be appointed before October 31, 2021. The task force members**
5 **shall be appointed as follows:**

6 (1) **Two members of the house of representatives appointed by the speaker of the**
7 **house of representatives;**

8 (2) Two members of the senate appointed by the president pro tempore of the
9 senate;

10 (3) The commissioner of the department of elementary and secondary education
11 or the commissioner's designee; and

12 (4) Four members appointed by the governor. Two members shall each represent
13 a separate school district that offers competency-based education courses.

14 2. The members of the task force established under subsection 1 of this section shall
15 elect a chair from among the membership of the task force. The task force shall meet as
16 needed to complete its consideration of its objectives as established in subsections 4 and 5
17 of this section. Any vacancy on the task force shall be filled in the same manner as the
18 original appointment. Members of the task force shall serve without compensation, but
19 shall be entitled to reimbursement for actual and necessary expenses incurred in the
20 performance of official duties.

21 3. The department of elementary and secondary education shall provide such legal,
22 research, clerical, and technical services as the task force may require in the performance
23 of official duties.

24 4. The task force shall:

25 (1) Work toward implementing competency-based education courses statewide and
26 devising a plan for Missouri to lead the way in competency-based education courses;

27 (2) Solicit input from individuals and organizations with information or expertise
28 relevant to the task force's objective, including experts and educators with experience
29 related to competency-based education programs;

30 (3) Hold at least three public hearings to provide an opportunity to receive public
31 testimony including, but not limited to, testimony from educators, local school boards,
32 parents, representatives from business and industry, labor and community leaders,
33 members of the general assembly, and the general public;

34 (4) Identify promising competency-based education programs, including programs
35 that:

36 (a) Afford students flexibility to progress and earn course credit upon
37 demonstration of mastery, including through early high school graduation;

38 (b) Provide individual learning and assessment options, including through
39 experiential and project-based learning, online or blended learning, additional remedial
40 education time, and accelerated-pace curricula;

41 (c) Assess student proficiency through tasks developed both locally and at the state
42 level, performance of which demonstrate mastery;

43 (5) Identify obstacles to implementing competency-based education programs in
 44 Missouri public schools;

45 (6) Develop comprehensive graduate profiles that describe meaningful and critical
 46 knowledge skills that students should have upon graduation that can be implemented into
 47 a diploma designation;

48 (7) Develop findings and recommendations for implementing competency-based
 49 education models and practices in Missouri public schools, including recommending
 50 changes to existing legislation, rules, and regulations; and

51 (8) Develop findings and recommendations for implementing a competency-based
 52 performance assessment that:

53 (a) Is consistent with the most effective competency-based education programs
 54 identified by the task force under subdivision (3) of this subsection;

55 (b) Assesses students based on both locally developed and common statewide
 56 performance tasks tied to grade and course competencies aligned with state content
 57 standards; and

58 (c) Complies with all applicable federal law, including 20 U.S.C. Section
 59 6311(b)(1)(B), as amended. To the extent that implementing a competency-based
 60 performance assessment would require the department of elementary and secondary
 61 education to obtain innovative assessment and accountability demonstration authority
 62 under 20 U.S.C. Section 6364, as amended, the task force shall develop findings and
 63 recommendations for obtaining such authority.

64 5. The task force shall present its findings and recommendations to the speaker of
 65 the house of representatives, the president pro tempore of the senate, the joint committee
 66 on education, and the state board of education by December first annually.

166.400. Sections 166.400 to 166.455 shall be known and may be cited as the "Missouri
 2 Education [Savings] Program".

166.410. ~~Definitions.~~ As used in sections 166.400 to 166.455, except where the
 2 context clearly requires another interpretation, the following terms mean:

3 (1) "Beneficiary", any individual designated by a participation agreement to benefit from
 4 payments for qualified education expenses at an eligible educational institution;

5 (2) "Benefits", the payment of qualified education expenses on behalf of a beneficiary
 6 from a savings account during the beneficiary's attendance at an eligible educational institution;

7 (3) "Board", the Missouri education [savings] program board established in section
 8 166.415;

9 (4) "Eligible educational institution", an ~~[institution of postsecondary education]~~ **eligible**
 10 **educational institution** as defined in Section ~~[529(e)(5)]~~ **529** of the Internal Revenue Code, ~~[and~~

11 ~~institutions of elementary and secondary education as provided in Sections 529(c)(7) and~~
12 ~~529(e)(3) of the Internal Revenue Code,] as amended;~~

13 (5) "Financial institution", a bank, insurance company or registered investment company;

14 (6) "Internal Revenue Code", the Internal Revenue Code of 1986, as amended;

15 (7) "Missouri education [savings] program" or "[savings] program", the program created
16 pursuant to sections 166.400 to 166.455;

17 (8) "Participant", a person who has entered into a participation agreement pursuant to
18 sections 166.400 to 166.455 for the advance payment of qualified education expenses on behalf
19 of a beneficiary;

20 (9) "Participation agreement", an agreement between a participant and the board pursuant
21 to and conforming with the requirements of sections 166.400 to 166.455; and

22 (10) "Qualified higher education expenses" or "qualified education expenses", the
23 qualified costs of tuition and fees and other expenses for attendance at an eligible educational
24 institution, as defined in Section ~~[529(e)(3)]~~ 529 of the Internal Revenue Code, as amended.

166.415. 1. There is hereby created the "Missouri Education [Savings] Program". The
2 program shall be administered by the Missouri education [savings] program board which shall
3 consist of the Missouri state treasurer who shall serve as chairman, the commissioner of the
4 department of higher education and workforce development, the commissioner of education, the
5 commissioner of the office of administration, the director of the department of economic
6 development, two persons having demonstrable experience and knowledge in the areas of
7 finance or the investment and management of public funds, one of whom is selected by the
8 president pro tem of the senate and one of whom is selected by the speaker of the house of
9 representatives, and one person having demonstrable experience and knowledge in the area of
10 banking or deposit rate determination and placement of depository certificates of deposit or other
11 deposit investments. Such member shall be appointed by the governor with the advice and
12 consent of the senate. The three appointed members shall be appointed to serve for terms of four
13 years from the date of appointment, or until their successors shall have been appointed and shall
14 have qualified. The members of the board shall be subject to the conflict of interest provisions
15 of section 105.452. Any member who violates the conflict of interest provisions shall be
16 removed from the board. In order to establish and administer the [savings] program, the board,
17 in addition to its other powers and authority, shall have the power and authority to:

18 (1) Develop and implement the Missouri education [savings] program and,
19 notwithstanding any provision of sections 166.400 to 166.455 to the contrary, the [savings]
20 programs and services consistent with the purposes and objectives of sections 166.400 to
21 166.455;

22 (2) Promulgate reasonable rules and regulations and establish policies and procedures
23 to implement sections 166.400 to 166.455, to permit the [savings] program to qualify as a
24 "qualified state tuition program" pursuant to Section 529 of the Internal Revenue Code and to
25 ensure the [savings] program's compliance with all applicable laws;

26 (3) Develop and implement educational programs and related informational materials
27 for participants, either directly or through a contractual arrangement with a financial institution
28 for investment services, and their families, including special programs and materials to inform
29 families with young children regarding methods for financing education and training;

30 (4) Enter into agreements with any financial institution, the state or any federal or other
31 agency or entity as required for the operation of the [savings] program pursuant to sections
32 166.400 to 166.455;

33 (5) Enter into participation agreements with participants;

34 (6) Accept any grants, gifts, legislative appropriations, and other moneys from the state,
35 any unit of federal, state, or local government or any other person, firm, partnership, or
36 corporation for deposit to the account of the [savings] program;

37 (7) Invest the funds received from participants in appropriate investment instruments to
38 achieve long-term total return through a combination of capital appreciation and current income;

39 (8) Make appropriate payments and distributions on behalf of beneficiaries pursuant to
40 participation agreements;

41 (9) Make refunds to participants upon the termination of participation agreements
42 pursuant to the provisions, limitations, and restrictions set forth in sections 166.400 to 166.455
43 and the rules adopted by the board;

44 (10) Make provision for the payment of costs of administration and operation of the
45 [savings] program;

46 (11) Effectuate and carry out all the powers granted by sections 166.400 to 166.455, and
47 have all other powers necessary to carry out and effectuate the purposes, objectives and
48 provisions of sections 166.400 to 166.455 pertaining to the [savings] program; and

49 (12) Procure insurance, guarantees or other protections against any loss in connection
50 with the assets or activities of the [savings] program.

51 2. Any member of the board may designate a proxy for that member who will enjoy the
52 full voting privileges of that member for the one meeting so specified by that member. No more
53 than three proxies shall be considered members of the board for the purpose of establishing a
54 quorum.

55 3. Four members of the board shall constitute a quorum. No vacancy in the membership
56 of the board shall impair the right of a quorum to exercise all the rights and perform all the duties

57 of the board. No action shall be taken by the board except upon the affirmative vote of a
58 majority of the members present.

59 4. The board shall meet within the state of Missouri at the time set at a previously
60 scheduled meeting or by the request of any four members of the board. Notice of the meeting
61 shall be delivered to all other trustees in person or by depositing notice in a United States post
62 office in a properly stamped and addressed envelope not less than six days prior to the date fixed
63 for the meeting. The board may meet at any time by unanimous mutual consent. There shall be
64 at least one meeting in each quarter.

65 5. The funds shall be invested only in those investments which a prudent person acting
66 in a like capacity and familiar with these matters would use in the conduct of an enterprise of a
67 like character and with like aims, as provided in section 105.688. For new contracts entered into
68 after August 28, 2012, board members shall study investment plans of other states and contract
69 with or negotiate to provide benefit options the same as or similar to other states' qualified plans
70 for the purpose of offering additional options for members of the plan. The board may delegate
71 to duly appointed investment counselors authority to act in place of the board in the investment
72 and reinvestment of all or part of the moneys and may also delegate to such counselors the
73 authority to act in place of the board in the holding, purchasing, selling, assigning, transferring
74 or disposing of any or all of the securities and investments in which such moneys shall have been
75 invested, as well as the proceeds of such investments and such moneys. Such investment
76 counselors shall be registered as investment advisors with the United States Securities and
77 Exchange Commission. In exercising or delegating its investment powers and authority,
78 members of the board shall exercise ordinary business care and prudence under the facts and
79 circumstances prevailing at the time of the action or decision. No member of the board shall be
80 liable for any action taken or omitted with respect to the exercise of, or delegation of, these
81 powers and authority if such member shall have discharged the duties of ~~[his or her]~~ **the**
82 **member's** position in good faith and with that degree of diligence, care and skill which a prudent
83 person acting in a like capacity and familiar with these matters would use in the conduct of an
84 enterprise of a like character and with like aims.

85 6. No investment transaction authorized by the board shall be handled by any company
86 or firm in which a member of the board has a substantial interest, nor shall any member of the
87 board profit directly or indirectly from any such investment.

88 7. No trustee or employee of the ~~[savings]~~ program shall receive any gain or profit from
89 any funds or transaction of the ~~[savings]~~ program. Any trustee, employee or agent of the
90 ~~[savings]~~ program accepting any gratuity or compensation for the purpose of influencing such
91 trustee's, employee's or agent's action with respect to the investment or management of the funds

92 of the [savings] program shall thereby forfeit the office and in addition thereto be subject to the
93 penalties prescribed for bribery.

166.420. 1. The board may enter into [savings] program participation agreements with
2 participants on behalf of beneficiaries pursuant to the provisions of sections 166.400 to 166.455,
3 including the following terms and conditions:

4 (1) A participation agreement shall stipulate the terms and conditions of the [savings]
5 program in which the participant makes contributions;

6 (2) A participation agreement shall specify the method for calculating the return on the
7 contribution made by the participant;

8 (3) The execution of a participation agreement by the board shall not guarantee that the
9 beneficiary named in any participation agreement will be admitted to an eligible educational
10 institution, be allowed to continue to attend an eligible educational institution after having been
11 admitted or will graduate from an eligible educational institution;

12 (4) A participation agreement shall clearly and prominently disclose to participants the
13 risk associated with depositing moneys with the board;

14 (5) Participation agreements shall be organized and presented in a way and with
15 language that is easily understandable by the general public; and

16 (6) A participation agreement shall clearly and prominently disclose to participants the
17 existence of any load charge or similar charge assessed against the accounts of the participants
18 for administration or services.

19 2. The board shall establish the maximum amount ~~[which]~~ **that** may be contributed
20 annually ~~[by a participant]~~ with respect to a beneficiary.

21 3. The board shall establish a total contribution limit for savings accounts established
22 under the [savings] program with respect to a beneficiary to permit the [savings] program to
23 qualify as a "qualified state tuition program" pursuant to Section 529 of the Internal Revenue
24 Code. No contribution may be made to a savings account for a beneficiary if it would cause the
25 balance of all savings accounts of the beneficiary to exceed the total contribution limit
26 established by the board. The board may establish other requirements that it deems appropriate
27 to provide adequate safeguards to prevent contributions on behalf of a beneficiary from
28 exceeding what is necessary to provide for the qualified education expenses of the beneficiary.

29 4. The board shall establish the minimum length of time that contributions and earnings
30 must be held by the [savings] program to qualify pursuant to section 166.435. Any contributions
31 or earnings that are withdrawn or distributed from a savings account prior to the expiration of
32 the minimum length of time, as established by the board, shall be subject to a penalty pursuant
33 to section 166.430.

166.425. All money paid by a participant in connection with participation agreements shall be deposited as received and shall be promptly invested by the board. Contributions and earnings thereon accumulated on behalf of participants in the [savings] program may be used, as provided in the participation agreement, for qualified education expenses. Such contributions and earnings shall not be considered income for purposes of determining a participant's eligibility for financial assistance under any state student aid program.

166.435. 1. Notwithstanding any law to the contrary, the assets of the [savings] program held by the board, the assets of any deposit program authorized in section 166.500, and the assets of any qualified tuition [savings] program established pursuant to Section 529 of the Internal Revenue Code and any income therefrom shall be exempt from all taxation by the state or any of its political subdivisions. Income earned or received from the [savings] program, deposit, or other qualified tuition [savings] programs established under Section 529 of the Internal Revenue Code, or refunds of qualified education expenses received by a beneficiary from an eligible educational institution in connection with withdrawal from enrollment at such institution which are contributed within sixty days of withdrawal to a qualified tuition [savings] program of which such individual is a beneficiary shall not be subject to state income tax imposed pursuant to chapter 143 and shall be eligible for any benefits provided in accordance with Section 529 of the Internal Revenue Code. The exemption from taxation pursuant to this section shall apply only to assets and income maintained, accrued, or expended pursuant to the requirements of the [savings] program established pursuant to sections 166.400 to 166.455, the deposit program established pursuant to sections 166.500 to 166.529, and other qualified tuition [savings] programs established under Section 529 of the Internal Revenue Code, and no exemption shall apply to assets and income expended for any other purposes. Annual contributions made to the [savings] program held by the board, the deposit program, and any qualified tuition [savings] program established under Section 529 of the Internal Revenue Code up to and including eight thousand dollars per [participating] taxpayer, and up to sixteen thousand dollars for married individuals filing a joint tax return, shall be subtracted in determining Missouri adjusted gross income pursuant to section 143.121.

2. If any deductible contributions to or earnings from any such program referred to in this section are distributed and not used to pay qualified education expenses, not transferred as allowed by 26 U.S.C. Section 529(c)(3)(C)(i), as amended, and any Internal Revenue Service regulations or guidance issued in relation thereto, or are not held for the minimum length of time established by the appropriate Missouri board, then the amount so distributed shall be included in the Missouri adjusted gross income of the participant, or, if the participant is not living, the beneficiary.

30 3. The provisions of this section shall apply to tax years beginning on or after January
31 1, 2008, and the provisions of this section with regard to sections 166.500 to 166.529 shall apply
32 to tax years beginning on or after January 1, 2004.

166.440. The assets of the [savings] program shall at all times be preserved, invested and
2 expended only for the purposes set forth in this section and in accordance with the participation
3 agreements, and no property rights therein shall exist in favor of the state.

166.456. All personally identifiable information concerning participants and
2 beneficiaries of accounts established within the Missouri education [savings] program pursuant
3 to sections 166.400 to 166.456 shall be confidential, and any disclosure of such information shall
4 be restricted to purposes directly connected with the administration of the program.

166.502. As used in sections 166.500 to 166.529, except where the context clearly
2 requires another interpretation, the following terms mean:

3 (1) "Beneficiary", any individual designated by a participation agreement to benefit from
4 payments for qualified higher education expenses at an eligible educational institution;

5 (2) "Benefits", the payment of qualified higher education expenses on behalf of a
6 beneficiary from a deposit account during the beneficiary's attendance at an eligible educational
7 institution;

8 (3) "Board", the Missouri education [savings] program board established in section
9 166.415;

10 (4) "Eligible educational institution", an institution of postsecondary education as
11 defined in Section 529(e)(5) of the Internal Revenue Code;

12 (5) "Financial institution", a depository institution and any intermediary that brokers
13 certificates of deposits;

14 (6) "Internal Revenue Code", the Internal Revenue Code of 1986, as amended;

15 (7) "Missouri higher education deposit program" or "deposit program", the program
16 created pursuant to sections 166.500 to 166.529;

17 (8) "Participant", a person who has entered into a participation agreement pursuant to
18 sections 166.500 to 166.529 for the advance payment of qualified higher education expenses on
19 behalf of a beneficiary;

20 (9) "Participation agreement", an agreement between a participant and the board pursuant
21 to and conforming with the requirements of sections 166.500 to 166.529;

22 (10) "Qualified higher education expenses", the qualified costs of tuition and fees and
23 other expenses for attendance at an eligible educational institution, as defined in Section
24 529(e)(3) of the Internal Revenue Code of 1986, as amended.

209.610. 1. The board may enter into ABLE program participation agreements with participants on behalf of designated beneficiaries pursuant to the provisions of sections 209.600 to 209.645, including the following terms and conditions:

(1) A participation agreement shall stipulate the terms and conditions of the ABLE program in which the participant makes contributions;

(2) A participation agreement shall specify the method for calculating the return on the contribution made by the participant;

(3) A participation agreement shall clearly and prominently disclose to participants the risk associated with depositing moneys with the board;

(4) Participation agreements shall be organized and presented in a way and with language that is easily understandable by the general public; and

(5) A participation agreement shall clearly and prominently disclose to participants the existence of any load charge or similar charge assessed against the accounts of the participants for administration or services.

2. The board shall establish the maximum amount of contributions which may be made annually to an ABLE account, which shall be the same as the amount allowed by 26 U.S.C. Section 529A of the Internal Revenue Code of 1986, as amended.

3. The board shall establish a total contribution limit for savings accounts established under the ABLE program with respect to a designated beneficiary which shall in no event be less than the amount established as the contribution limit by the Missouri education [savings] program board for qualified tuition [savings] programs established under sections 166.400 to 166.450. No contribution shall be made to an ABLE account for a designated beneficiary if it would cause the balance of the ABLE account of the designated beneficiary to exceed the total contribution limit established by the board. The board may establish other requirements that it deems appropriate to provide adequate safeguards to prevent contributions on behalf of a designated beneficiary from exceeding what is necessary to provide for the qualified disability expenses of the designated beneficiary.

4. The board shall establish the minimum length of time that contributions and earnings must be held by the ABLE program to qualify as tax exempt pursuant to section 209.625. Any contributions or earnings that are withdrawn or distributed from an ABLE account prior to the expiration of the minimum length of time, as established by the board, shall be subject to a penalty pursuant to section 209.620.

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