

By Mr. Holland of Longmeadow, petition of Iris K. Holland and other members of the House relative to establishing education fund accounts. Banks and Banking.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Eighty-Six.

AN ACT ESTABLISHING EDUCATION FUND ACCOUNTS.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 2, part (a) (1), of Chapter 62 of the
2 General Laws is hereby amended by adding after paragraph (F)
3 the following new paragraph: —

4 (G) Payments of whatever kind made from a terminated
5 Education Fund Account under Section 22D of Chapter 168 of the
6 General Laws.

1 SECTION 2. Section 2, part (a) (2), of Chapter 62 of the
2 General Laws is hereby amended by adding after paragraph (G)
3 the following new paragraph: —

4 (H) Up to \$3,000 by each single taxpayer or by married
5 taxpayers whether they file joint or separate returns, which is
6 deposited for each student beneficiary in no more than one
7 Education Fund Account pursuant to Section 22D of Chapter 168
8 of the General Laws.

1 SECTION 3. Chapter 168 of the General Laws is hereby
2 amended by inserting after Section 22C the following new
3 section: —

4 *Section 22D.* All banks, as defined in Section 1 of Chapter 167
5 of the General Laws, may open and receive depositions for
6 Education Fund Accounts. An Education Fund Account shall be
7 established, managed, and terminated in accordance with a written
8 agreement signed by the contributor, regulations adopted by the
9 Commissioner, and this section.

10 Regulations adopted by the Commissioner shall implement and
11 be consistent with the following: —

12 a. An account shall be opened for the benefit of a particular
13 student or potential student.

14 b. No funds shall be paid out of an account except upon an
15 invoice by a qualified institution for tuition, fees, costs of room,
16 costs of board, or other fees and charges customarily charged by
17 the institution for services provided to the student beneficiary, and
18 such funds shall be paid directly to the institution.

19 c. An account shall terminate whenever one or more of the
20 following occurs:

21 (1) The student beneficiary reaches his or her 25th birthday.

22 (2) The student beneficiary remains unenrolled in a qualified
23 institution for more than twelve consecutive months.

24 (3) The contributor and the student beneficiary agree in writing
25 to terminate the account.

26 d. When an account is terminated, the remaining assets of the
27 account, including undistributed interest and other accruals, shall
28 be paid out to the contributor. At the written request of the
29 contributor, such payments shall be made over a two-year period.

30 For the purposes of this section the following definitions apply,
31 unless the context otherwise requires:

32 “Contributor”, the individual or individuals who establish an
33 account and make contributions to it.

34 “Qualified institution”, an accredited college, university, trade
35 school or other educational institution providing training or
36 education to persons holding high school diplomas or equivalents
37 thereof.

38 “Student beneficiary”, the person for whose benefit an account
39 is established and managed.